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Daily Report
East Asia

FBIS-EAS-96-111 CONTENTS *7 June 1996*

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Asia-Pacific Security Cooperation Council Admits Mongolia *[THE STAR 6 Jun]* 1
Malaysian Minister Opens Asia-Pacific Roundtable Meeting *[Kuala Lumpur International]* 1
Asia-Pacific Textile Forum Closes With Cooperation Accord *[KYODO]* 1

NORTHEAST ASIA

Japan

Japan: Hashimoto: Downed Fighter Not To Impact Cooperation *[ASAHI SHIMBUN 5 Jun]* ... 2
Japan: Mondale Holds Talks With Ikeda *[KYODO]* 2
Japan: LDP Criticizes DA Handling of Downed U.S. Warplane *[NIHON KEIZAI SHIMBUN 5 Jun]* 2
Japan: Editorial Views MSDF Downing of U.S. Plane *[OKINAWA TIMES 6 May]* 2
Japan: DFAA Special Legislation for Compulsory Use of Land *[YOMIURI SHIMBUN 6 Jun]* 4
Japan: EIAJ Proposal Rules Out 'Government Involvement' *[NIHON KEIZAI SHIMBUN 6 Jun]* 4
Japan: Tsukahara on Film Dispute at WTO, Nuclear Program *[KYODO]* 5
Japan: Hashimoto: ACSA Applicable During Emergency Drills *[NIHON KEIZAI SHIMBUN 5 Jun]* 6
Japan: Ikeda: Tokyo To Consider Aid to DPRK on UN Requests *[KYODO]* 6
Japan: Hashimoto, Ikeda Reach Consensus on Rice Aid to DPRK *[YOMIURI SHIMBUN 6 Jun]* 6
Japan: LDP Secretary General Kato's DPRK Connection Revealed *[SANDE MAINICHI 28 Apr]* 6
Japan: North Korea Possesses Sarin 'Raw Materials' *[SHUKAN GENDAI 27 Apr]* 9
Japan: Ikeda: Beijing, Tokyo Moving Closer on Nuclear Issue *[KYODO]* 11
Japan: Ozawa, Jiang Zemin Agree To Establish Ties of Trust *[Japanese News Frontier Party WWW]* 11
Japan: Ikeda: Khmer Rouge's Pol Pot 'A Has-Been' *[KYODO]* 12
Japan: Diet Enacts Bills Declaring 200-Nautical Mile Zone *[KYODO]* 12
Japan: Kubo: Too Early To Seek Conclusion on Extra Budget *[KYODO]* 13
Japan: Lower House Resumes Budget Debate *[NIHON KEIZAI SHIMBUN 1 Apr]* 13
Japan: Article Discusses Diet Budget Debate *[NIHON KEIZAI SHIMBUN 1 Apr]* 14
Japan: Finance Ministry Official Cautious About Extra Budget *[KYODO]* 14
Japan: EPA Official Urges Continued Easy Monetary Policy *[KYODO]* 15
Japan: Economist Views Country's Trade Surplus *[SANKEI SHIMBUN 4 Jun]* 15
Japan: Government To Appoint Former Prosecutor To Head FTC *[KYODO]* 16
Japan: Nation's 1995 ODA Totals 1.38 Trillion Yen *[KYODO]* 17
Japan: Figures for May 'Tankan' Quarterly Survey *[KYODO]* 17
Japan: BOJ's Key Business Confidence Index Improves *[KYODO]* 17
Japan: Economists, Businessmen React to 'Tankan' Survey *[KYODO]* 18
Japan: Ex-Supporter Criticizes Kato's Explanations on Donations *[KYODO]* 19
Japan: Ministry To Create Fund To Cover Some of 'Jusen' Debt *[KYODO]* 19
Japan: Bad Farm Loans Estimated at 307.6 Billion Yen *[KYODO]* 20
Japan: Lower House Panel Approves 'Jusen' Bill *[KYODO]* 20
Japan: Farm Minister Decides To Freeze Wheat Prices *[KYODO]* 21
Japan: Farm Leaders Refuse To Pay Extra Jusen Liquidation Funds *[KYODO]* 21
Japan: 'Jusen' Proceedings Delay Ozawa's Departure for Europe *[KYODO]* 21

Japan: Major Banks To Shoulder Additional 'Jusen' Burden [*KYODO*] ... 21
Japan: Tokyo May Seek Central Bank's Help on 'Jusen' Issue [*KYODO*] ... 22
Japan: Full Lower House Approves 'Jusen' Bill on Losses [*KYODO*] ... 22
Japan: White Paper: Fewer View Land as Good Investment [*KYODO*] ... 23
Japan: Holding Company Measure Put Off Until Next Diet Session [*KYODO*] ... 23
Japan: Construction Ministry Projects Spending for FY96 [*KYODO*] ... 24
Japan: Chip Makers Freeze 16-Megabit DRAM Output Expansion [*KYODO*] ... 24
Japan: Medical Equipment Prices 3-5 Times Higher Than in U.S. [*KYODO*] ... 25
Japan: Yamaha To Make Motorcycles at Joint Venture in China [*KYODO*] ... 25
Japan: Honda To Resume Plan for Car Production in Turkey [*KYODO*] ... 25
Japan: National Police Chief on Stepped-Up Anticrime Efforts [*KYODO*] ... 25

North Korea

DPRK: U.S. Urged To Respond to Proposal [*Pyongyang Radio*] ... 26
DPRK: Hong Song-nam Addresses Memorial Service [*Pyongyang Radio*] ... 28
DPRK: U.S. Stages 'Aerial Espionage' Against North [*KCNA*] ... 34
DPRK: NODONG SINMUN Urges Abrogation of U.S.-Japan Security Pact [*KCNA*] ... 34
DPRK Paper Decries Japanese Comments on 'Comfort Women' Issue [*KCNA*] ... 35
DPRK: KCNA Interviews Japanese Group on Regional Issues ... 35
DPRK: Pomminnyon Denounces ROK's Sentencing of Members [*KCNA*] ... 36
DPRK: KCNA Urges End to South's 'Fascist Repression' of Students ... 36
DPRK: PRC Fishermen Reportedly Rescued by North Korean Crew [*KCNA*] ... 36

South Korea

ROK: 'Highest Ranking' DPRK Official Said Defected to ROK [*KYONGHYANG SINMUN 7 Jun*] ... 36
ROK: Defectors Comment on DPRK Broadcast Media, Research Organs [*YONHAP*] ... 37
ROK: Prime Minister Comments on 'Comfort Women' [*YONHAP*] ... 38
ROK: Foreign Ministry Reacts to Japanese 'Comfort Women' Remarks [*YONHAP*] ... 38
ROK: U.S. Imports Surpass Japanese Imports [*THE KOREA TIMES 6 Jun*] ... 39
ROK: ROK, U.S. To Discuss ROK Missile Control Regime Membership [*YONHAP*] ... 39
ROK: 'Informatization' 12 Percent of U.S. Rate [*THE KOREA TIMES 6 Jun*] ... 40
ROK: President Offers Sympathy to Jiang Zemin on Mining Disaster [*YONHAP*] ... 40
ROK: Officials 'Terrified' by Government Golf Probe 'Rumors' [*The Digital Chosun Ilbo WWW*] ... 41
ROK: National Assembly Deadlock, Law on Acting Speaker Viewed [*THE KOREA HERALD 6 Jun*] ... 41
ROK: Assembly 'Wrangling' Marks Next Round of 'Struggle' For 3 Kims [*THE KOREA TIMES 6 Jun*] ... 41
ROK: Opposition Blocks NKP From Entering Assembly Chamber [*YONHAP*] ... 42
ROK: Economists Try To Dispel Four Economic Myths Held by Public [*THE KOREA TIMES 6 Jun*] ... 43
ROK: Corrected Version of Article on U.S. State Department's DPRK Staff [*KYONGHYANG SINMUN 6 Jun*] ... 44

SOUTHEAST ASIA

Burma

Burma: Suu Kyi Supports Boycott of Foreign Investors' Products [*Melbourne International*] . 45
Burma: NLD Source Claims Aung San Suu Kyi To Continue Meetings [*AFP*] ... 45
Burma: Article Views Junta's Approach to Suu Kyi [*THE NATION 7 Jun*] ... 45
Burma: Pro-SLORC Rallies Held in Loikaw, Taunggyi [*Rangoon TV*] ... 47
Burma: Pro-SLORC Rallies Held in Akyab, Kawthaung [*Rangoon TV*] ... 47

Burma: 'Military Junta' Bans Aung San Suu Kyi's Weekend Meetings *[AFP]* 47
Burma: Article Ridicules Suu Kyi Comments on Pagoda Repairs *[KYEMON 5 Jun]* 48
Burma: Nation Urged To 'Crush Elements Instigating Disturbances' *[THE NEW LIGHT OF MYANMAR 7 Jun]* 48
Burma: Editorial Terms Confrontation 'Very Disastrous Game' *[THE NEW LIGHT OF MYANMAR 6 Jun]* 49

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Thai Prime Minister Speaks at Joint Authority Office *[Thai Ministry of Foreign Affairs WWW]* 50
Malaysia: Text of Thai Prime Minister's Banquet Address *[Thai Ministry of Foreign Affairs WWW]* 51

Singapore

Singapore: Editorial Urges Dialogue in Burma *[BUSINESS TIMES 7 Jun]* 52
Singapore: Text of Thai Prime Minister's Banquet Address *[Thai Ministry of Foreign Affairs WWW]* 52
Singapore: Satellite Communications Network Competition Foreseen *[BUSINESS TIMES 6 Jun]* 53

Cambodia

Cambodia: King Sihanouk Cannot 'Confirm' Death of Pol Pot *[AFP]* 54
Cambodia: SRV Foreign Ministry Refuses Comment on Pol Pot's Death *[AFP]* 55

Indonesia

Indonesia: East Timor Resistance Issues Report on Activities *[INDONESIA Listserv]* 56
Indonesia: Armed Forces Back Existing Law on Political Parties *[ANGKATAN BERSENJATA 1 Jun]* 57
Indonesia: Analyst Warns PDI 'Crisis' Could Affect Elections *[THE JAKARTA POST 5 Jun]* 58
Indonesia: Daily Views Democratic Party Demand for Congress *[ANGKATAN BERSENJATA 5 Jun]* 58
Indonesia: Editorial Views Move 'To Remove' Dissident Politicians *[THE JAKARTA POST 6 Jun]* 59
Indonesia: Suharto Denies Seeking Reelection *[KOMPAS 22 May]* 60

Philippines

Philippines: Ramos Sees Breakthrough in Peace Talks With MNLF *[Quezon City Radio]* 61
Philippines: MILF Reportedly Planning 'Large-Scale' Offensive *[BUSINESS WORLD 6 Jun]* 61
Philippines: Group of 93 MILF Rebels Surrenders in Iligan City *[Quezon City Radio-TV]* 62
Philippines: Armed Forces 'Ready' for 'Full-Scale War' With Muslims *[BUSINESS WORLD 7 Jun]* 62
Philippines: Committee Suspends Deliberations on Constitutional Changes *[BUSINESS WORLD 7 Jun]* 62
Philippines House Speaker on Possible 'Arrangement' With Laban Members *[BUSINESS WORLD 7 Jun]* 63
Philippines Police Reportedly Hunting 600 Foreign Terrorists *[BUSINESS WORLD 7 Jun]* 63

Thailand

Thai Supreme Commander: 'No Confirmation' of Pol Pot's Death *[Bangkok Radio]* 64
Thailand: Official Writes on Regional Transportation Network *[THE NATION 7 Jun]* 64
Thailand: Burma Seeks New Use for Road-Building Loan *[THAILAND TIMES 7 Jun]* 65

Thailand: Foreign Minister Meets With Lao Counterpart *[THE NATION 7 Jun]* 66
Thailand: Banhan Reschedules Arms Procurement Talks 11 Jun *[BANGKOK POST 7 Jun]* 66
Thailand: Dailies Note Prachakon Thai Party's Coalition Stand *[SIAM POST 6 Jun, etc.]* 67
Thailand: Prachakon Thai Party Affirms Decision To Quit Coalition *[Bangkok Radio]* 68

Vietnam

SRV: Hanoi Comments on U.S. Senator Bell's Visit *[Hanoi International]* 68
SRV: 'Fine' Progress Seen in U.S. Trade Ties; 'Problems' Remain *[VNA]* 69
SRV: Argentinian Foreign Minister Concludes Visit *[VNA]* 69
SRV: Measures To Support Soldiers in Spratlys Detailed *[VNA]* 69
SRV: MT Institute Installs Radio Stations on Truong Sa, other Islands *[Hanoi Radio]* 70

AUSTRALASIA

New Zealand

New Zealand: Reserve Bank Governor Urges More Reform *[THE PRESS 7 Jun]* 71

Asia-Pacific Security Cooperation Council Admits Mongolia

BK0606092296 Kuala Lumpur THE STAR in English 6 Jun 96

[Report by Shahanaaz Sher Habib — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — The Council for Security Co-operation in the Asia-Pacific (CSCAP) admitted Mongolia as its 14th member yesterday and extended an invitation to China to join its ranks.

CSCAP steering committee co-chairman Jusuf Wanandi said China, which was expected to accept the invitation, had agreed that Taiwan be allowed to participate in the grouping on an individual basis.

Other members of CSCAP are Malaysia, Singapore, Indonesia, the Philippines, Thailand, Russia, the United States, Canada, North Korea, South Korea, Japan, New Zealand, and Australia. The European Union and India attend as observers.

CSCAP is a private non-governmental organisation which serves as a think tank to countries in the region.

Jusuf said CSCAP's meeting yesterday discussed the results from its working groups studies on confidence- and security-building measures, maritime security, comprehensive security, and security in the North Pacific.

"We have a close relationship with the ASEAN Regional Forum and give them ideas based on our studies about how to move the process forward.

"They make policies based on our studies such as on preventive diplomacy and non-proliferation," he told reporters after the committee's fifth meeting here.

Outgoing co-chairman Amos Jordan said the meeting acknowledged the Korean Peninsula was a sensitive zone.

He said the spread of arms of mass destruction and the security of sea lanes were other areas of concern in the region.

On solutions to the problems, Jusuf said: "We are not looking for immediate solutions because what we do is produce policy-oriented studies which we pass to governments.

"It is the governments that will be responsible and capable of looking for solutions that we may propose in our studies."

Malaysian Minister Opens Asia-Pacific Roundtable Meeting

BK0606091996 Kuala Lumpur Voice of Malaysia in English 0800 GMT 6 Jun 96

[FBIS Transcribed Text] Malaysia has warned that recent events in the region have raised legitimate question on whether force has been given precedence over diplomacy in the management of international problems.

Foreign Minister Datuk Abdullah Ahmad Badawi has called for restraint by countries in handling the various issues. He said they should refer to dialogues and diplomacy or risk a return to the aged power politic, confrontation, and tension.

He made the remark when opening the 10th Asia-Pacific Round Table Meeting in Kuala Lumpur.

The three-day meeting is attended by 240 policy makers, academicians, scholars, journalists, representatives of nongovernmental organizations, and private sector executives from around the world.

Datuk Abdullah said it was distressing that two nuclear powers in the region came very close to confronting each other in the Taiwan Straits.

Asia-Pacific Textile Forum Closes With Cooperation Accord

OW0406123096 Tokyo KYODO in English 1120 GMT 4 Jun 96

[FBIS Transcribed Text] Kyoto, June 4 KYODO — Representatives from 17 nations and territories in the Asia-Pacific region ended the inaugural, one-day forum on the textile industry Tuesday [4 June] with an agreement to strengthen cooperation, conference officials said.

The officials said the participants also agreed to exchange basic information on textile industries in respective areas, including the demand-supply situation.

A summary issued by the chairman of the conference stressed the need to promote free trade and improve the trade environment to contribute to the development of the textile industry in the region.

It said the textile industry in the Asia-Pacific region should play an important role to sustain growth of the global textile industry.

The forum is aimed at deepening mutual understanding in the region.

The representatives also exchanged views on the current state of and future outlook for textile industries in the region.

The second session will be held in Indonesia next year.

Japan

Japan: Hashimoto: Downed Fighter Not To Impact Cooperation

OW0606233996 Tokyo ASAHI SHIMBUN in Japanese 5 Jun 96 Evening Edition p 2

[FBIS Translated Text] Regarding the downing of a U.S. fighter by an escort vessel of the Japanese Maritime Self Defense Force, Prime Minister Ryutaro Hashimoto said at a House of Councillors plenary session held on the morning of 5 June: "It is truly regrettable. Fortunately, two crew members aboard the plane received slight injuries only but we are terribly sorry for them. Utmost efforts should be made to thoroughly investigate the cause of the accident, and to prevent recurrence of similar cases."

In his reply to the reporters' question about impact of the accident on the future Japan-U.S. defense cooperation, he said: "There is no impact. We ought not to let this affect adversely on the bilateral cooperation. The United States shares our view. We carry out trainings because such accidents could easily occur."

Japan: Mondale Holds Talks With Ikeda

OW0606120396 Tokyo KYODO in English 1021 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — U.S. Ambassador Walter Mondale assured Japan on Thursday [6 June] that Monday's accidental downing of a U.S. carrier-based bomber by a Japanese destroyer during military drills off Hawaii will have no detrimental impact on bilateral ties.

Mondale gave the assurance at an informal breakfast meeting with Foreign Minister Yukihiko Ikeda, a Foreign Ministry official told reporters.

The ambassador said he is "very satisfied" with the steps Japan has taken since the accident occurred, adding it is no longer a matter of concern, according to the official.

On other matters, Ikeda and Mondale agreed Japan and the United States should closely consult on how they will react to an anticipated U.N. appeal for help to alleviate a serious food shortage in North Korea.

They also reaffirmed the need to make further efforts to resolve remaining trade disputes in such trade sectors as insurance, semiconductors and photographic film, the official said.

Japan: LDP Criticizes DA Handling of Downed U.S. Warplane

OW0706004696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Jun 96 Evening Edition p 2

[FBIS Translated Text] Three national defense-related divisions of the Liberal Democratic Party [LDP] held joint meeting on the morning of 5 June. During discussing the downing of a U.S. warplane by an escort ship of the Maritime Self Defense Force, LDP members one after another leveled criticism against the Defense Agency's [DA] handling of the accident. For example, former DA Director General Tokuichiro Tamazawa said: "It is strange that we have no detailed information sent from the accident site about the cause of the shooting yet." Tadashi Itagaki, a member of the House of Councillors, also commented: "This is another embarrassment followed an F-15 fighter's accidental firing of a missile last November. It will hurt the people's trust in the Self-Defense Forces."

Japan: Editorial Views MSDF Downing of U.S. Plane

OW0706022396 Naha OKINAWA TIMES in Japanese 6 May 96 Morning Edition p 5

[Editorial: "Accidental Shooting, Which Cannot Be Settled, is a Painful Matter"]

[FBIS Translated Text] **First, Shooting of Comrade Plane, Next, Shooting Down U.S. Warplane**

The Self-Defense Force [SDF] once shot down one of its own planes by mistake; this time, it accidentally shot down a U.S. military plane with its machine gun. The accidents took place during training and exercise actions respectively. If civilian aircraft were involved, it would have been horrible. It can be said that these accidents have actually proved how dangerous military training and exercises can be.

"Yugiri," an escort vessel (with Commander Akira Muranaka as captain) of the Martime Self-Defense Force [MSDF], was engaged in the Pacific Rim [RIMPAC] joint exercise action with six countries, including Japan and the United States, when the advanced 20-millimeter machine gun (CIWS) [expansion unknown] on the "Yugiri" accidently shot down an A6 attack plane from the U.S. aircraft carrier "Independence." Two crew members managed to escape with minor injuries.

RIMPAC exercises have been held every other year since 1971. RIMPAC is conducted under the sponsorship of the U.S. Navy's Third Fleet with the following scenario: Hawaii has been occupied by the Orange Nation, the enemy country, and aircraft carriers, debarkation units and aircraft of the Blue Forces will try to take it back while braving attacks by enemy submarines and aircraft.

At first, only navies from four countries — the United States, Canada, Australia and New Zealand — participated in the joint exercise. The MSDF joined in the exercise in the 1980's. This year, in addition to Japan, the United States, Australia, Canada and the ROK, Chile has also joined the group for the first time. Thus, RIMPAC has become a multilateral exercise on the largest scale in the world.

The major objective of the exercise lies in evaluating the capability of participating vessels and upgrading their skills. However, the exercise is also meant to demonstrate unity among Western countries located in the Pacific rim. People have gone so far as to say that the Pacific Ocean is "a pond belonging to the United States." The joint exercise also aims at protecting this pond jointly by those countries that are followers of the United States.

When the accident happened, it was Japan and the United States that were engaged in the exercise. During the hypothetical antiaircraft operation, the escort vessel was supposed to hit the aircraft that were closing on the vessel. The target is an object made of synthetic fiber of about five kilograms in weight and towed by the A6 plane. However, instead of hitting the target, the escort vessel shot down the towing fighter by mistake.

The CIWS that shot down the U.S. warplane by mistake is the last line of defense against missiles. It is capable of firing 3,000 rounds per minute with a range of about 4,500 meters, and also of automatically searching, detecting, pursuing and shooting down missiles.

According to the MSDF, those connected with the exercise have pointed out that since training in actual shooting has not been normally conducted so often either in individual or joint exercises, the accident may have possibly been the result of personal mistakes in the handling of the machine by staff members unaccustomed to actual shooting.

Another SDF accident took place over the Sea of Japan off the coast of Noto Peninsula in Ishikawa prefecture on 22 November last year: When two F-15 fighters of the Air Self-Defense Force [ASDF] were engaged in training, one of them hit and shot down the other by mistake with AIM9L missiles.

Training soon resumed; however, it was only after a briefing was given on the possibility that the accident was caused by some abnormality somehow related to static electricity, and that signal of launching the missile was issued by mistake.

In an anti-aircraft operation, the AIM9L missile — nicknamed the Sidewinder — is capable of tracking down the target with infrared rays within a range of about 7.5 kilometers and at a speed of about Mach 2.5.

Civilian Aircraft Have Also Been Misidentified

The accidental shooting down of both a U.S. warplane and a comrade plane took place during military exercises that would have shaken the people in peacetime.

For instance, while flying over the Pacific Ocean near Hawaii, the tourist Mecca, the pilot in the cockpit may suddenly receive the following warning about attack by radio: "Change your flight course and get out of the exercise area. If this order is not followed, we are ready to take hostile action." The pilot may fall into terror and panic.

In reality, a civilian aircraft did receive such an attack warning by radio on the evening of 12 July 1992. It was a Boeing 747 airliner (with a total of about 330 crew members and passengers) belonging to Qantas Airlines of Australia, flying from Los Angeles to Sidney. The captain, who was flying along the normal route, contacted the Federal Aviation Administration (FAA) in Los Angeles by radio and reported the abnormal situation. Following FAA instructions, the airliner continued its flight, detouring about 80 kilometers, and arrived safely in Sidney.

This emergency radio message was issued by a U.S. Navy Aegis cruiser that was participating in "RIMPAC 92," a joint military exercise conducted by Japan, the United States, and Australia. It seems the ship mistook the frequency used in the exercise for the frequency reserved for the international distress signal and mistook the Qantas airliner for an Australian Orion reconnaissance plane.

Prevention of Recurrence Means Immediate Suspension of Exercises

Ironically, it turned out that a civilian aircraft flying under the motto of safety was threatened during an exercise conducted on the pretext of security.

Another case of misidentification resulted in tragedy: the Vincennes, the the U.S. Navy's most sophisticated cruiser, accidentally shot down an Iranian airliner over the Persian Gulf, sacrificing the precious lives of 290 passengers.

While military technology has rapidly become oriented to high technology, the buildup of defense capability has been promoted on the supposition that there will be emergencies. For this purpose, measures have been taken to depend too much on the most advanced high-technology weapons. Herein lies the most serious pitfall.

Since accidents involving the loss of human lives cannot be made up with apologies or compensation, they cannot be settled like merely painful matters.

This is because if such accidents recur, civilian aircraft may get involved at any time. To prevent recurrence of accidents, there is no alternative but to immediately suspend military training and exercises that may expose human lives to danger.

Japan: DFAA Special Legislation for Compulsory Use of Land

OW0706061496 Tokyo YOMIURI SHIMBUN in Japanese 6 Jun 96 Morning Edition p 1

[FBIS Translated Text] On 5 June, the Defense Facilities Administration Agency [DFAA], considering drafting new legislation or revising existing laws to facilitate procedures to expropriate land for use by U.S. forces in Okinawa, firmed up its plan to draft special legislation to apply strictly to the approximately 3,000 lease contracts for land at 13 military installations and not to additional cases. The lease contracts include a plot at the Sobe Communications Site, for which procedures are currently under way, and parts of Kadena Air Base. The DFAA presented to the ruling coalition parties several draft versions of the special legislation, some of which drastically increases the central government's discretionary power, including empowering the central government to take over the Okinawa Land Expropriation Committee's authority — thereby allowing the government to rule directly on land expropriation — or partially abolishing functions assigned to local and municipal governments. The government and ruling parties will now engage in some fine-tuning before submitting the legislation to the extraordinary Diet session in fall. However, the task of working out the legislation is likely to face rough sailing, because the Social Democratic Party is opposed to the legislation and because the DFAA will also have to engage in some intragovernmental consultations — that is, it will have to do some fine-tuning with the Ministry of Construction [MOC] and other relevant government ministries and agencies. The MOC has jurisdiction over the Land Expropriation Law, the basic law governing compulsory use of land.

In connection with the issue of expropriating land for use by U.S. forces, the DFAA has launched studies on drafting new legislation or revising existing laws to gain prompt approval for land expropriation, because leases will expire next May on some plots of land on Kadena Air Base and other sites belonging to about 3,000 land owners.

The reason for drafting special legislation is that an attempt to revise the existing Law on Special Measures Concerning Land Used by the U.S. Forces could lead to a drastic review of the law, and considerable time would be needed to work out the necessary legislation. For example, it will be necessary to come up with grounds for separating land expropriation related to the security arrangement from other cases, such as expropriating land for public works projects.

On top of this, the DFAA has firmed up its plan to work out special legislation that will be in effect only temporarily, because making this a stopgap measure can avert protests from the Okinawa Prefectural Government and critical groups that consider such action "high-handed." In this way, the DFAA hopes to speed up the process of working out the legislation.

However, since similar problems are likely to arise in the future with other plots of land used by U.S. forces, there will be calls for a drastic review of the Law on Special Measures for Land Used by the U.S. Forces.

According to the draft legislation presented, there are two problems the DFAA is currently studying: speeding up expropriation committee rulings and simplifying such steps as proxy signing of necessary documents and public notification and circulation of government requests.

Regarding the problem of speeding up expropriation committee rulings, the DFAA made the following proposals: 1) The central government should set up an administrative panel consisting of scholars and other members who would rule on land expropriation; or 2) the prime minister should rule on behalf of the prefectural expropriation committee, if the committee fails to come up with a ruling within two months after the period designated for public notification and circulation.

It is believed that the plan to have the central government set up an administrative panel is aimed at securing the panel's neutrality by preventing the expropriation panel from being influenced by local sentiments.

As for the prime minister's ruling on behalf of the expropriation committee, there is already a provision for that in the Law on Special Measures for Acquiring Land for Public Use.

Japan: EIAJ Proposal Rules Out 'Government Involvement'

OW0706012396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Jun 96 Morning Edition p 1

[FBIS Translated Text] A proposal made by the Electronic Industries Association of Japan [EIAJ] will serve as a foundation for Japanese-U.S. negotiations after the bilateral semiconductor agreement expires. The EIAJ has given a "flat no" to U.S. demands for government involvement in the semiconductor market, asserting that it is "unnecessary." However, the Ministry of International Trade and Industry has indicated that it will "study whether government involvement is necessary, depending on the contents of the private-sector cooperative framework." Consequently, the EIAJ has seemingly decided to keep the "government-involvement negotiating card" up its sleeve for the time being. It plans to examine the U.S. reaction by first indicating its basic stance of rejecting managed trade and insisting on limiting the microchip market arrangement to a private-sector cooperative framework.

The EIAJ's proposal includes some provisions that would be favorable to the United States. For example, the EIAJ proposes that industrial cooperative activities between Japanese users and U.S. microchip makers be extended for three years. Although a gap exists between Japan and the United States on the issue of "government involvement," the United States perceives that remarks made by EIAJ Chairman Norio Oga and Chief Cabinet Secretary Seiroku Kajiyama that "slight government involvement may be inevitable" indicate Japan's "real intentions." Therefore, the United States is expected to seek a "better response" from Japan in future negotiations. The two countries are likely to be involved in some heavy bargaining over the permissible "level of government involvement" before and after the Japanese-U.S. summit meeting set for late June, on until late July, when the existing microchip agreement expires.

What is particularly noteworthy about the EIAJ's latest proposal is that it spells out multilateral cooperation, exemplified in the plan to set up a World Semiconductor Conference [WSC]. This plan aims at "killing three birds with one stone": checking the United States, which insists on concluding a government-level agreement; soliciting the backing of the EU, which wants to join Japan and the United States in the cooperative framework; and pulling the ROK and Taiwan — which are becoming threats in the microchip market — into an international framework.

Since private-sector talks between Japan and the United States are seemingly stalled, Japanese microchip industry officials have begun to hold talks with the EU. The proposed WSC plan is similar to the "tripolar private-sector agreement" the EU is seeking. The EIAJ hopes to press the EU to abolish tariffs on semiconductors by requiring the latter "to vow to abolish tariffs by 2000" as a condition for its participation in the microchip partnership framework.

Japan: Tsukahara on Film Dispute at WTO, Nuclear Program

OW0706024096 Tokyo KYODO in English 0223 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — International Trade and Industry Minister Shumpei Tsukahara on Friday [7 June] welcomed U.S. moves to file a complaint with the World Trade Organization (WTO) over the Japanese photographic film market as early as next week.

"Bringing the case to the WTO would make the matter explicit," Tsukahara said at a news conference.

The United States has been calling for bilateral talks with Japan on a complaint by Eastman Kodak Co. that Fuji Photo Film Co. is blocking its access to Japanese consumers through unfair control of film distributors.

Washington is scheduled to put out early next month a report on its yearlong investigations into trading practices in the Japanese market under the Section 301 provision of the U.S. trade law which involves possible trade sanctions.

Turning to the nuclear energy issue, Tsukahara reiterated the government's intention to pursue nuclear energy policy in order to secure energy supplies and address carbon dioxide emissions and other environmental problems.

The comment followed a press report that the Ministry of International Trade and Industry (MITI) will reconsider its nuclear energy program in the wake of a massive sodium leakage in December at Japan's prototype fast-breeder reactor Monju in Fukui Prefecture.

"I have not changed the idea of forging ahead with the nuclear energy policy, while seeking public understanding," Tsukahara said.

Under the nuclear energy plan, Japan plans to build an experimental fast-breeder reactor early in the 21st century and to begin using a mixture of plutonium and uranium in the late 1990s to fuel conventional light-water reactors.

The advisory committee for energy, a panel reporting to the ministry's Agency of Natural Resources and Energy, will convene June 14 for the first time since the Monju accident, which shut down the reactor.

Tsukahara downplayed the report that MITI was considering freezing the nuclear program, saying there was much speculation prior to the upcoming panel session. "We have to monitor the (panel) discussion," he said.

The panel will review opinions on the nation's nuclear energy program that are coming from different circles surveyed by the government since the Monju accident, Tsukahara said.

Japan: Hashimoto: ACSA Applicable During Emergency Drills

OW0706004896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Jun 96 Evening Edition p 2

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto, in answer to a question at an upper house plenary session on 5 June, commented on the applicability of the Acquisition and Cross-Servicing Agreement (ACSA) during a state of war in the Korean peninsula or other areas near Japan. He said: "The agreement does not differentiate between emergencies and peacetime. If joint drills are conducted (while an emergency exists in the vicinity of Japan), the provision of goods and services will not be ruled out, in accordance with the agreement."

The remarks indicate that Hashimoto believes that the agreement is applicable during contingencies as long as joint drills are conducted with U.S. troops not participating in combat.

Japan: Ikeda: Tokyo To Consider Aid to DPRK on UN Requests

OW0706020296 Tokyo KYODO in English 0129 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan will consider financial assistance to food-short North Korea once it receives a formal request from the United Nations for aid, Foreign Minister Yukihiko Ikeda said Friday [7 June].

"The United Nations issued an appeal (for aid to North Korea) to its member countries from a humanitarian point of view. We will weigh what we should do along this line," he told a news conference.

"But the appeal hasn't been delivered to us formally," Ikeda said, referring to the U.N. call for the international community to provide food and other forms of humanitarian assistance worth 43.6 million dollars to North Korea.

Tokyo provided 500,000 dollars to Pyongyang last year in response to a U.N. call for aid.

Japan: Hashimoto, Ikeda Reach Consensus on Rice Aid to DPRK

OW0706064196 Tokyo YOMIURI SHIMBUN in Japanese 6 Jun 96 Morning Edition p 3

[FBIS Translated Text] On the evening of 5 June, Prime Minister Ryutaro Hashimoto held consultations with Foreign Minister Yukihiko Ikeda and Chief Cabinet Secretary Seiroku Kajiyama on the issue of aid to DPRK (North Korea), and decided on responding to an emergency appeal to the international community that the UN organizations will issue as soon as early next week. The government will also start studying the possibility of supplying rice.

In connection with this issue, ROK ambassador to Japan Kim Tae-chi called on Administrative Vice Foreign Minister Sadayuki Hayashi at the Foreign Ministry on the same day, and requested that "Japan contact the ROK" on the amount of funds to be provided and the amount of rice to be supplied. To this request, Vice Minister Hayashi gave his consent.

Japan: LDP Secretary General Kato's DPRK Connection Revealed

962B0086A Tokyo SANDE MAINICHI in Japanese 28 Apr 96 pp 34-36

[Article by Yoshimitsu Shirokura, SANDE MAINICHI weekly writer: "Growing Suspicion of Koichi Kato's Personnel Connection With North Korea"]

[FBIS Translated Text] **Liberal Democratic Party [LDP] Secretary General Koichi Kato continues to keep silent regarding the 10 million yen under-the-table donation issue. In addition, astoundingly serious "suspicions" have appeared over rice aid to the DPRK (North Korea) in which Secretary General Kato displayed the initiative. Because all of this is a diplomatic matter, it is desirable for him not to hold his tongue any longer.**

On the evening of 4 April, a North Korean ship loaded with about 2,000 tons of Chinese-grown rice steamed out of Muroran Harbor in Hokkaido. This was the last transport ship leaving Japan to help North Korea with a total of 500,000 tons of rice as decided at a cabinet meeting of the Murayama government in June last year.

However, things have been taking an unexpected turn.

Unbelievably serious suspicions have suddenly surfaced, making even former Prime Minister Noboru Takeshita, who is known as the elder of prudence because of his cautiousness in giving views, whisper to his close associates of late, "This (rice aid issue) is going to develop into quite a messy case."

The investigative authorities also have grave concerns about moves surrounding the rice aid to North Korea. One of their concerns is the "sarin suspicion," a smuggling case. The Hyogo Prefectural Police arrested members of a trade company in Kobe City for violating foreign exchange laws on 8 April. They are suspected of exporting 50 kilograms of "sodium fluoride" and "hydrofluoric acid" each, the exports of which are regulated because of their possible use as raw material to make chemical weapons like sarin. It is said that this amount of chemicals can produce over 100 kilograms of sarin.

A leading investigator says: "The chemicals were carried by ships, which left Osaka Harbor in January and Kobe Harbor in February, to transport rice for aid from Japan to North Korea. The reasons for the illegal exports, etc. are now under investigation, but this case seems to represent only the tip of an iceberg. The case was uncovered by a casual checkup of about 100 ships of North Korean registry which entered various ports of our country in the last several months."

Public safety authorities also kept a secret watch on the moves of rice transport ships from North Korea which had entered various ports in Japan. At any rate, it is alarming if raw materials for the production of sarin were really transported even as the rice aid, which was initiated as humanitarian assistance, was being shipped.

How did the rice aid begin?

For humanitarian reasons, Japan decided to ship 500,000 tons of government-held rice as credit and grant aid to North Korea, which had been suffering rice shortages due to flood damage, etc. Japan planned to send surplus foreign rice that had been imported from the United States, Thailand, and China due to poor harvests in 1993. Agreements were reached between Japan and the DPRK on 30 June of last year regarding assistance measures for the first 300,000-ton shipment and on 3 October of the same year for the additional second 200,000-ton shipment.

Economic commentator Keitaro Hasegawa points out that the assistance measures were quite slipshod, saying: "The United Nations is also carrying out rice assistance, but it differs from Japan in that rice is transported by UN chartered ships and the United Nations stations officials at sites to ensure rice is being delivered to the people. North Korea is a peculiar country and so it is natural to take these precautions. However, it is North Korean ships that come to Japan to receive rice, and what is more, Japan does not have its own checks to see for what purposes the shipped rice is being used. This is despite the fact that Japan has no diplomatic relations with the country. If the rice is used for military purposes, it means that Japan has exported war materials. This will pose a great problem."

In addition to generous assistance methods, "crisis management" is also extremely slipshod as seen in raw materials for sarin having been loaded onto transport ships.

Moreover, there is an incident involving "counterfeit U.S. dollar bills" called the Super K. In May last year, A Company and a North Korean firm concluded a contract for used car sales, and the former brought $500,000 in 500 $100 bills paid by the latter to a city bank; however, a probe by investigative authorities revealed that 50-odd bills were so-called Super K notes.

A source (a person concerned with public safety activities) says: "A Company is reportedly a firm with a special mission, which was built on instructions from North Korea. Its representative is a former vice president of B Company, another firm whose existence is comparable to something like general headquarters controlling DPRK-Japan trade. The two companies still maintain deep relations in dealings. Among B Company executives is the president of a shipping agency which alone took on the work of arranging North Korean ships to transport rice aid."

"Civilians Acting as 'Kato's Agents' Are Problem"

In order to find the truth, there is no choice but to wait for progress in the investigation. This being the case, rice aid — far from being seen as humanitarian assistance — now has turned into a mysterious affair riddled with suspicions, has it not? Furthermore, the process by which the rice aid agreement was reached between Japan and the DPRK is also exceedingly opaque.

Taking the initiative in the assistance measures was Secretary General Koichi Kato, who was then serving as chairman of the LDP's Policy Affairs Research Council under the Murayama government. A source concerned with the LDP discloses: "Around November the year before last, a person who was said to hold a line of communications with North Korea contacted Mr. Kato, chief of the Agriculture-zoku. The person presented requested negotiations for the normalization of diplomatic relations between Japan and the DPRK and also for rice aid.

Since then, Mr. Kato has been moving actively, making close contacts with leading members of North Korea's Workers Party of Korea [WPK] through fax, etc. regarding rice aid measures. He was so scrupulous that in January last year, he visited the ROK with utmost secrecy to lay the groundwork through talks with high government officials there.

And in March last year, he worked to realize a visit to the DPRK by a mission led by the late former Deputy Prime Minister Michio Watanabe, thereby laying the route for Japan-DPRK negotiations and also concluding talks on the rice aid. However, there is one thing that should not be overlooked. It is the trade companies and people lying behind the scenes."

One of them is a person named Takeshi Yoshida, president of "Shin Nippon Industrial" (Chiyoda-ku, Tokyo Metropolis), a business company engaged in trade with North Korea. The company's business includes exporting machine tools, etc. from Japan and importing marine products and others from North Korea. Another person concerned with public safety activities makes the following remarks: "Mr. Yoshida maintains deep relations with North Korean party leaders and has personnel connections in Japan's Foreign Ministry as well. He also served as a line of communication when Kanemaru visited the DPRK in 1990. In the recent assistance as well, he coordinated activities for visitors concerned with the North Korean Government and performed the role of a backstage agent for North Korea in its negotiations with Japan."

In fact, Mr. Yoshida served as a stagehand for the rice aid, together with Mr. Kato and the then Foreign Ministry's Asian Affairs Bureau Director Yutaka Kawashima (currently director of the General Diplomatic Policies Bureau). When Mr. Yoshida accompanied the Watanabe mission on its visit to North Korea, he even brought with him a business card carrying the name: "Koichi Kato Office." This alone is enough to indicate unusually close relations between Mr. Kato and Mr. Yoshida.

It is not only Mr. Yoshida who moved around under the shadow of Mr. Kato. There is one more person. It is Mr. Saburo Sato, who works as representative of the Koichi Kato Office. Since around 1994, Mr. Sato has been serving as "Mr. Kato's confidential cashbox keeper" (a leading LDP member), and on the other hand he runs a company named "Kosho" (Yokohama City) specializing in harbor transport service and warehousing business. He continuously has made donations to the Social Planning Research Forum, an association for the support of Mr. Kato, in the last several years; in 1993 Mr. Sato also extended two loans, each amounting to 10 million yen, to Mr. Kato — one under his individual name and the other under the name of his company Kosho.

Mr. Sato, too, worked to lay the groundwork for the rice aid. For example, he met with people concerned in the North Korean Government in Singapore in September and December last year and in Beijing in January this year, according to information obtained by public safety authorities and ROK intelligence sources. He also accompanied the Watanabe mission on its visit to the DPRK just as the aforementioned Mr. Yoshida did.

Mr. Kato fully utilized his personnel connection in measures for the rice aid, but criticism against such methods are also arising from the ruling camp. A person concerned with the Social Democratic Party of Japan, who is familiar with North Korean affairs, says: "He does not use regular routes through the government and the Japan-DPRK Parliamentarians League; instead, civilians engaged in business dealings between Japan and the DPRK are moving around as if they are Mr. Kato's agents. This practice should not be allowed. Our diplomacy will hardly be regarded proper by international society with such practices."

To be sure, it will only invite misunderstanding about Mr. Kato to have traders and warehousemen intervene in rice aid extended for humanitarian purposes.

To get details about these developments, this journal asked for meetings with Mr. Sato, Mr. Yoshida, and also Mr. Kato, but they are keeping silent, citing reasons like "I have no time" or something.

Grave Case Posing Test for Nation's Crisis Management

Well, now, why on earth was Mr. Kato so eager for rice aid to North Korea? A person concerned with the Foreign Ministry explains: "He gained access to people having close connections with North Korea even at the expense of breaking concerted steps taken by Japan, the United States, and the ROK; however, he did so from the desire to create channels of communication with North Korea through rice aid and to take the initiative in normalizing diplomatic relations with North Korea. My view may be a little too inquisitive, but as long as he aims at post-Hashimoto, he will need money without limit. On this score, it cannot be helped if some suspect that he expected some rebates from North Korea. Whenever a suspicion is aroused against him, Mr. Kato reportedly calls high officials of the ROK Government by phone and asks them to 'stop your embassy in Japan from making leaks over the rice issue,' thereby moving them to laughter."

The rice aid issue has become a large topic of argument at the current session of the Diet as well. The dispute is over the "home-grown rice suspicion." Initially, a cabinet meeting decided to ship only foreign-produced rice for the aid, but it is now suspected that home-grown rice was also furnished. At meetings of the Committee on the Budget of the lower house, Diet Member Kenzo Yoneda of Shinshinto [the New Frontier Party] on three occasions grilled the Food Agency, which handles the management of rice for the aid and its shipment, saying: "Out of 200,000 tons furnished in the second aid, about 53,000 tons accounting for 30 percent were replaced with home-grown rice. Some great influence must have been exercised in this regard."

It is said that Mr. Yoneda made this assertion on the basis of the Public Security Investigation Agency's internal reports, which the agency — separately from the Food Agency — compiled through the collection of data from the Maritime Safety Agency. The Food Agency has denied Mr. Yoneda's assertion, and the Maritime Safety Agency and the Public Security Investigation Agency, too, have not officially admitted it, saying that "we have not actually prepared such data."

Mr. Yoneda has this to say: "No matter how hard the Food Agency denies it, our side has data obtained from solid information sources. According to our investigation, miscellaneous expenses alone — which were incurred in the rice aid, including warehouse storage fees — reach over 10 billion yen and overhead costs amount to 46 billion yen.

Nevertheless, the agency does not render an account of money spent or give full details as to rice shipments in disregard of our request to publicize them. This will steadily widen suspicions. Now that people have begun talking about things related to sarin and counterfeit bill incidents, the rice aid issue represents a grave case which poses a test for the nation's crisis management."

While the Diet was in the midst of confusion over the rice aid issue, a leading North Korean WPK member visited Japan on 6 April and asked the ruling coalition parties for a third rice aid shipment. If the government intends to continue humanitarian assistance using our tax money in the future, the assistance should be fair and aboveboard. It is Secretary General Kato's duty to taxpayers to explain his actions to the Diet, is it not?

Japan: North Korea Possesses Sarin 'Raw Materials'

962B0087A Tokyo SHUKAN GENDAI in Japanese 27 Apr 96 pp 36-39

[Investigative report: "North Korea Possesses Chemicals To Produce Sarin Bombs Capable of Killing 200 Million People"]

[FBIS Translated Excerpt] **On 8 April, a man was arrested for illegally exporting raw materials for sarin in a quantity capable of killing over 200 million people. Just at this juncture, military tensions are mounting across the 38th parallel line on the Korean peninsula. North Korea, which lost its "diplomatic card" of a nuclear arms threat over the question of nuclear inspections, has now begun to shake the international situation with chemical weapons. This journal tracked down the facts on the information related to the dreadful sarin weapons.**

Police Assume Exceptional Position To Conduct Thorough Investigations

Amid a sudden growth of tension on the Korean peninsula, raw materials for chemical weapons of enough quantity to kill 200 million people in an instant were being smuggled to the northern side of the 38th parallel from none other than Japan. They are the raw materials for that virulent poison, sarin, which struck the whole of Japan with horror during the Aum Shinrikyo incident. Chemicals in a quantity capable of producing over 170 kilograms of sarin were being transported secretly to North Korea (the DPRK).

A fatal dose of sarin is only 0.5 milligram for a person weighing 50 kilograms. It is said that 170 kilograms of sarin is capable of easily killing 200 million to 300 million people.

There are many small factories in the whole neighborhood of (Higashijiriike-cho), Nagata-ku, Kobe City in Hyogo Prefectue. It was around 1000 on 8 April that investigators from the External Affairs Section of the Hyogo Prefectural Police Headquarters and those from the Kobe Marine Police Station made a raid on "Toa Gijutsu Kogyo" (president: Mototoshi Kaneyama), a trade company located at a corner of the neighborhood.

They first arrested suspect Yi Chong-chun (34), a salesman for "Toa Gijutsu Kogyo," on suspicion of violating foreign exchange laws. He is suspected of illegally exporting to North Korea sodium fluoride and hydrofluoric acid, which are subject to export restrictions as strategic materials because they can be used to make chemical weapons.

The police then made a thorough, 10 hour search of eight places, including the company office, suspect Yi's private residence, the house of the company president, and warehouses.

A source (a national newspaper reporter) says: "A total of 50 investigators were hurled into the massive search, but investigations into a company of this size usually take four hours at most. The police have long kept their eyes on this company, which has deep business relations with North Korea, and one can see how they are throwing energy into this case."

The private residence of the suspect, Mr. Yi, in Kobe City is an old two-story house, and the doorplate carries the names of himself, his wife, and children, but there is no sign of life inside the house.

"I saw him leaving his home for work every morning, dressed in a business suit and carrying a brief case. When the great earthquake shook the Hanshin area, he spoke to us in a gentle voice, saying that 'we have not received much damage, and so please feel free to come and sleep in our house.' When I went to the water supply wagon to obtain water, he took the trouble to carry polyethylene tanks with both his hands for me."

This is the remark of a housewife, and as this indicates, his reputation is quite good among housewives in their 30's and 40's living in the neighborhood. It is hardly thinkable that he is the person who exported the raw materials for sarin in a quantity equivalent to fatal doses for 200 million people. However, suspect Yi brought sodium fluoride and hydrofluoric acid, each 50 grams, to North Korean cargo ships that had come to ports to transport rice for aid — the former chemical at Osaka Harbor on 24 January and the latter at Kobe Harbor on 15 February.

What is more, when ordering these chemicals from a chemical company in Kobe City, he openly used his real name: "Yi Chong-chun, Toa Technical Industries."

Raw Materials for Sarin Shipped as Shipmaster's Hand Baggage

The chief of the operation section of the company, which sold the chemicals to suspect Yi, testifies:

"The first case occurred around 20 January. An order came in by fax, which read: 'Send sodium fluoride in two 25-kilogram bags to our warehouse in Osaka Harbor; to be used for plating purposes.' The second case took place around 10 February. The person himself came by car to get hydrofluoric acid in two polyethylene containers, each carrying 25 kilograms of the chemical. The total charge is 41,000 yen."

Suspect Yi's order was considered an "over-the-transom order" — the kind placed for the first time without prearrangement. However, the quantities ordered were quite common, and so the words "to be used for plating" did not arouse any suspicion, according to the section chief.

At this point, the first riddle comes up. Why did suspect Yi use his real name honestly in obtaining contraband goods for smuggling purposes? It is natural to view that the orders were placed on the instruction of the company, but...?

Toa Technical Industries was established with capital of 10 million yen in 1963 and has about 20 employees. It chiefly exports ship parts and steel to North Korea.

A source (a person related to the investigative activities) says: "This company is included on a list of enterprises concerned with trade between Japan and North Korea, which was drawn up by public safety authorities, and public safety workers have kept watch on it for nearly 10 years. In early April, $100 U.S. counterfeit bills were also found inside Himeji City. They were identical to 'Super K' notes reportedly used by suspect Yoshizo Tanaka, a member of the former Red Army faction which had committed the flight Yodo hijacking. So, from the 'angle of mutual connections,' authorities launched into compulsory investigations into this smuggling case."

Reporters visited the house of the Toa Company president, a Mr. Kaneyama. It is situated at high-class residential quarters in Suma-ku, Kobe City. Kaneyama's wife adamantly refused to meet the request for news coverage, saying through interphone that "the company president has no comment to make." Yet reporters repeatedly made the request, and a relative of President Kaneyama answered by phone as follows:

"Due procedures were taken to ship the chemicals as items to be consigned to the care of the shipmaster. Even labels showing the chemicals' names were attached to them, and customs officers, too, passed them without saying a word. There was a mistake on the part of the customhouse as well. If they had pointed out before the clearance that 'this is improper,' Yi would have taken the appropriate action without fail."

"Items to be consigned to the personal care" mean hand baggage to be carried personally by the shipmaster and sailors. The customs procedure requires that an outward entry form be submitted for all items. However, as for "the items to be consigned to the personal care," they are exempted from the outward entry process although filling out an export declaration form is an indispensable formality. This exemption is made because most personal care items are cheap goods such as foodstuffs and daily sundries which do not require the export permit or license.

Herein lies the second riddle. Why did suspect Yi put the exact chemical names on his declaration form when he processed the contraband goods as items to be consigned to the care of the shipmaster? Did he really not know they were contraband goods? A person concerned with the Kobe Customhouse makes the following remark:

"Ordinarily, items to be consigned to the personal care do not include chemicals. This is common knowledge. Suspect Yi has been engaged in trade business for more than three years at Toa Technical Industries; therefore, for him to say that he did not know will afford no excuse."

Then, why did he honestly write the commodity names in the export declaration? Why did he leave the labels carrying the names of the controlled chemicals attached to the containers? The same source (the person concerned with customs who appeared in the above) says:

"It seems to me that he intended to say 'I did not know' in case the whole thing would be detected at the customs. He would be unable to find any excuse if he took measures to conceal facts and then his cover-up was detected. Therefore, I believe that his was a fully calculated act which was taken in the full knowledge that the checkup process would be omitted for items to be consigned to the personal care."

Then comes up the third riddle. Why did customs overlook the restricted export items so easily? One of the workers at the Kobe Customhouse makes the following remark in a suppressed voice: "There is no such thing as checking every declaration form every time. Chemicals are not items to be consigned to the personal care. So it just does not occur to our minds that such stuff will become items to be consigned to a shipmaster. A shipmaster is thought to be a man of decent status and honor, and so we never thought that such items would be consigned to him this time. We missed seeing the labels as pointed out, and this surely might be a fault on the part of customs...."

Some argue that the recent arrest is part of the so-called "let the suspect swim further" kind of investigations in which the items to be consigned to the personal care were cleared knowingly for further observation of the suspect. A person concerned with the National Police Agency declares that the recent crackdown represents only the tip of an iceberg. He says: "There are many places which can serve as contact points with North Korea-such as coastal areas of Niigata and the Sanin District which are close to North Korea, and Southern Kyushu where secret agents landed in the past. With U.S. President Clinton's visit to Japan near at hand, Japan's coastal security has been considerably strengthened."

At any rate, this much is certain — chemicals capable of producing sarin in a quantity to kill about 200 million people have undoubtedly been handed over to North Korea. [passage omitted]

Japan: Ikeda: Beijing, Tokyo Moving Closer on Nuclear Issue

OW0706031396 Tokyo KYODO in English 0302 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — China's withdrawal of its demand for an international treaty banning nuclear testing but allowing so-called "peaceful nuclear explosions" got the country closer to Japan and other nations in terms of nuclear policy, Foreign Minister Yukihiko Ikeda said Friday [7 June].

"As for its course of action, I can praise China for getting closer to Japan and other countries," he said in a regular press meeting, commenting on China's concession in negotiations to conclude the Comprehensive Test Ban Treaty (CTBT).

But Ikeda expressed doubts about whether Beijing would Unconditionally agree to conclude the CTBT as other countries try to by the end of this month for the signing in September.

Chinese Disarmament Ambassador Sha Zukang said in Geneva on Thursday that the country will abandon its demand for the right to carry out nuclear blasts for peaceful purposes.

But he also said the ban should be temporary and the issue on peaceful nuclear explosions should be reconsidered at a treaty review conference expected in 10 years.

Japan: Ozawa, Jiang Zemin Agree To Establish Ties of Trust

OW0606144596 (Internet) Japanese News Frontier Party WWW in Japanese 31 May 96

["Summary" of a meeting between New Frontier Party Chairman Ichiro Ozawa and Chinese President Jiang Zemin; place and date not given]

[FBIS Translated Text] [Jiang] Welcome to China.

[Ozawa] I am honored to visit China for the first time as a party leader. We are opposition party members, so we do not represent the government, but as representatives of the people, we do hope from our hearts for friendly relations between Japan and China. Mr. Tanaka [former Prime Minister Kakuei Tanaka] was my political teacher. Despite the enormous opposition, he decided to establish diplomatic relations with China. The relations between both countries were good for the first 25 years. If you take the next 25 years into consideration, however, the relations we have established so far are not enough to construct good future. Both Japan and China need to exert efforts to construct more trustworthy relations between the two countries.

[Jiang] I agree with you. China and Japan need to see things from a higher perspective in the future. If I may make a comment on the unfavorable history of both countries, I would say that "we should not forget the past and learn a lesson from it for the future." Mr. Ozawa came to China for friendship so I will talk from the viewpoint of friendship. The entire world is paying attention to Asia. Japan is the most prosperous nation in Asia. Many more Asian countries including China should develop in the next century. Development of China and Japan will contribute to stability in Asia and the world. Therefore, I am against the view that

"China is a threat." Mr. Ozawa, your name has often been mentioned in our conversations. You are a leader of the New Frontier Party and I am a CPC leader. Your are a lot younger than I. I have been looking forward to meeting you. Even though the means of communications have improved, there is no better way of communications than direct face-to-face talks. Young people will create the future for us. We need young power for many generations to come.

[Ozawa] What we need for Japan-China relations is not words, but relations of trust between leaders and between people of both countries. China's development is not a threat at all. One thing I am worried about is that some Japanese see China simply as a market. Some Chinese people also are of the view that Japanese "can invest in China as much as they want because China is a big market to them." Relations based simply on economic interests are not desirable. Such relations are fragile. We would be pleased if we can establish good economic relations as a result of our efforts. We need relations of mutual trust before establishing good economic relations. In this sense, there are more things that should be improved in Japan than in China. We will do our best for improvement. I came to China to tell you, Mr. President, that "mutual efforts are needed for both countries and for the people."

[Jiang] I agree with you. We need to see things from a higher perspective. This will be very beneficial for peace and stability in both countries, Asia, and the world. China does not make selections by ideology. The relationship between China and Japan was established as a result of many people's hard work. Frankly speaking, Chinese people have the spirit to forgive. But some people in the successive cabinets [in Japan] had militaristic views. Their remarks provoke Chinese people's anger. Today, I am talking with smile.

[Ozawa] Each country has a different system and administrative mechanism and they are determined by the people. I do not think systems and administrative mechanisms prevent us from pursuing friendly Japan-China relations. I completely agree with your view that countries in Asia and their people should prosper in the next century. That has to be the case. Japan should have correct understanding of the history and use historic facts as a source of energy for the future. There are different people in political parties, regardless of whether it is the Liberal Democratic Party or the New Frontier Party. What you have pointed out is true. However, it will not be beneficial for both sides to do nothing but mutually point out such things. The important thing is for sensible people of both countries to form fruitful relations and to prevent people with wrong ideas from gaining momentum.

[Jiang] I think you have very good views and ideas. We need to look ahead. I believe that the more I talk with you, the closer our views become. I agree that China and Japan should play major roles in the next century. The Japanese people are hard workers. People in both countries should mutually learn the merits and demerits of each other. I had good discussions with you.

[Ozawa] Thank you very much for taking time to meet me even though you are busy.

[Jiang] I will walk with you to the front door.

Japan: Ikeda: Khmer Rouge's Pol Pot 'A Has-Been'

OW0706031296 Tokyo KYODO in English
0201 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Cambodia's Khmer Rouge guerrilla leader Pol Pot is just a "has-been" who can wield no influence on the course of the Indochinese nation, Foreign Minister Yukihiko Ikeda said Friday [7 June].

Pol Pot's reported death has nothing to do with Cambodia's ongoing efforts to reconstruct the war-ravaged country, Ikeda said at a news conference. "Basically it's a matter of a has-been."

Rumors circulated earlier this week that Pol Pot died Monday of malaria at a Khmer Rouge base but reports later in the week said he was still alive.

Pol Pot was the Cambodian prime minister from 1976 to 1979 after the Khmer Rouge had seized power.

The Khmer Rouge, which reportedly killed at least a million Cambodians during its reign, was ousted when Vietnam invaded Cambodia in 1979 and fled to areas near the Thai border from where it waged a guerrilla war against Phnom Penh.

Japan: Diet Enacts Bills Declaring 200-Nautical Mile Zone

OW0706025796 Tokyo KYODO in English
0159 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The Diet on Friday [7 June] enacted a set of eight bills to ratify the U.N. Convention on the Law of the Sea and declare a 200-nautical mile economic zone under the treaty.

The House of Councillors, or the upper house, unanimously approved the package at its plenary session Friday. The bills already passed through the House of Representatives late last month.

The cabinet will send a document on the ratification to the United Nations as early as the week after next after adopting necessary legal documents as early as next week, officials said.

The establishment of the 200-mile exclusive economic zone takes effect 30 days after the document is submitted to the world body.

The bills include measures designed to set fish catches and preserve marine resources in the economic zone.

The U.N. Convention on the Law of the Sea recognizes the authority of signatory nations to exert exclusive jurisdiction over fisheries and mineral resources that lie within 200 nautical miles from their shores.

But with the zones of Japan, China and South Korea overlapping in places where territory is disputed, there is the possibility of clashes of interest.

Japan has already begun negotiations with China and South Korea on new fisheries pacts. Japan has agreed with South Korea to negotiate a new fisheries pact separately from a bilateral territorial dispute over islets in the Sea of Japan.

Japan: Kubo: Too Early To Seek Conclusion on Extra Budget

OW0706053396 Tokyo KYODO in English 0318 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Finance Minister Wataru Kubo said Friday [7 June] it is too early to decide on whether to compile a supplementary budget this autumn to support Japan's budding economic recovery.

"Referring to an extra budget is not appropriate at this stage," Kubo said at a news conference.

"For now, it is necessary for the government to watch developments in the economic situation," he said.

The supplementary budget issue should be also considered in view of rebuilding Japan's strained fiscal condition, he said.

There have been growing calls within the ruling coalition and business circles that additional economy-boosting measures should be taken under a supplementary budget as the buoyant effects of last year's pump-priming package are expected to weaken this autumn.

On the present economic situation, meanwhile, Kubo said economic indicators as a whole are showing that the economy is on a recovery track, though employment remains sluggish.

To attain a full-fledged recovery, it is necessary to see the economy led by private-sector demand instead of the present public investment, he said.

Japan: Lower House Resumes Budget Debate

962A0055A Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Apr 96 p 2

[Unattributed article: "Ruling Parties Adopting a Prone Posture Concerning Policy Decisions; NFP [New Frontier Party] Is Certain To Attack 'Jusen' Issue"]

[FBIS Translated Text] The deletion by the ruling coalition parties of the "infusion of fiscal funds" for the failed credit unions from the revised deposit insurance bill scheduled for submission to the current Diet and their decision to defer a conclusion will likely have a major impact on the Diet deliberations to be resumed next week. The ruling parties have not changed their stand of passing without revision the FY96 draft budget, which includes fiscal spending for the disposition of the "jusen." The NFP, however, is certain to attack the draft, saying: "The basis for the infusion of fiscal funds on behalf of the 'jusen' no longer exists." The ruling parties have also successively deferred their conclusions on important measures such as the separation/breakup of NTT [Nippon Telegraph and Telephone Corporation] and the induction of a home nursing-care insurance system; a serious policy impasse is increasingly seen.

Regarding the three financial law drafts, including the revised deposit insurance bill, the New Party Sakigake had already approved the Finance Ministry's draft proposal. Opposing views have erupted from within the Liberal Democratic Party [LDP] and the Social Democratic Party [SDP], which insist that "the public will not accept any infusion of public funds following on the heels of an infusion of funds for the 'jusen.'"

The LDP's Diet policy committee has also firmed up its decision for deferment, saying: "Under the present circumstances, the Diet deliberations cannot be continued." However, it points out that "separate measures are necessary for the already failed 'jusen' and credit unions with feared failures in the future," and a proposal has surfaced for joint discussions between the ruling parties and the opposition concerning the disposition of the bad loans overall after passing the 'jusen' disposition measure without revision. However, an about-face by the ruling parties is likely to provide potential material for an attack by the NFP, which has been pressed for funds following the discontinuation of its picketing. The possibility of a sputtering debate on a freeze of fiscal spending for the 'jusen' is likely.

The ruling parties, which have been unable to internally coordinate policies such as the separation/breakup of the NTT, the removal of the ban on holding companies, and the induction of a home nursing-care insurance system, have already deferred their conclusions. They are keeping an eye on the lower house dissolution and a general election, becoming increasingly sensitive to the strong repulsion among the voters regarding the 'jusen issue' and adopting a prone posture concerning decisions on key policies.

Regarding the ban on holding companies, the LDP has made a strong contention for "a free policy in principle" at the request of the Keidanren [Federation of Economic Organizations] and others. The SDP, however, refused to budge from their "ban in principle, but a partial removal of the ban," fearing opposition by the Rengo [Japanese Trade Union Confederation] which fears a weakening of the unions of subsidiary companies.

Regarding the NTT's management, the SDP was under the influence of the Zendentsu [All-Japan Telecommunications Workers' Union] and made an early stand of opposing the separation/breakup of the NTT; it initiated the deferment trend.

The Ministry of Finance [MOF] will begin to shore up debate on financial reconstruction. The Financial System Council — an advisory organ under the finance minister — intends to establish two special subcommittees, while Deputy Prime Minister Wataru Kubo and the finance minister will begin calling on the ruling parties to commence debate when the FY96 draft budget passes the lower house. Given the concentration of Diet deliberations on the 'jusen' disposition and the judgement that the financial debate could be shelved until the end, the aim is to spur momentum toward financial reform with an eye on the problem of reexamining consumer tax rates.

The MOF, which has appointed FY97 as "the first year of a restoration of sound finance," plans to set new medium- and long-term goals for financial reconstruction. It will clarify the points at issue in June, prior to the establishment of the criteria (ceiling) for the FY97 rough budget request at the Financial System Council's special sectional meeting on financial structural reform. The MOF will also compile a report in December.

Among the special subcommittees to be established at the special sectional meeting, the purpose of the subcommittee on "cuts in annual spending" is to reexamine the framework for financial protection regarding spending areas such as social welfare. The subcommittee on "numerical goals" will review the timing for a breakaway from dependence on deficit national bonds, in addition to the fiscal deficit ratio to the GDP [Gross Domestic Product].

It is speculated that the reason for the MOF's speedier pace concerning the debate on financial reconstruction is its desire to appeal the dire financial situation to the people and the ruling parties prior to the ceiling and the reexamination of the consumer tax rates, which will expire at the end of September.

Japan: Article Discusses Diet Budget Debate

962A0056A Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Apr 96 p 1

[Unattributed article: "Committee Resumes Interpellations on Draft Budget in a Month—Prime Minister Rejects Cuts in Budgetary Expenditures"]

[FBIS Translated Text] On 1 April past 1000, the lower house Budget Committee resumed interpellations on the FY96 [fiscal year 1996] draft budget, incorporating an infusion of 685 billion yen in fiscal funds for the liquidation of the 'jusen' [housing loan companies]. It was the first full deliberation on the draft budget in a month since the subcommittee meeting of 1 March. Prime Minister Ryutaro Hashimoto, among others, attended the session because general interpellation was on the agenda.

Responding to Takeshi Noda of the New Frontier Party [NFP], who demanded that the fiscal outlay for the 'jusen' disposition be deleted from the draft budget, the prime minister rejected the demand, saying: "It is an absolutely crucial step, and we consider it most necessary at this point."

Deputy Prime Minister Wataru Kubo and the finance minister spoke about the supplementary measure by the ruling tripartite coalition relative to the 'jusen' issue and said that a tax revenue increase could result from rationalizing the mother banks, and said: "It is not a draft proposed by the government and the ruling party, but was formed by the ruling tripartite coalition." This implied that it was separate from the government bill. Nevertheless, they added that "weight must be given to the ruling party's role, and efforts must be made to enable it to materialize," indicating the government's intention to bring the measure to fruition.

Japan: Finance Ministry Official Cautious About Extra Budget

OW0606121196 Tokyo KYODO in English 1008 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — A senior Finance Ministry official showed reservations Thursday [6 June] about the need to compile a supplementary budget, while stressing that the government should steadily carry out the fiscal 1996 budget.

Prime Minister Ryutaro Hashimoto had urged ruling coalition policy-makers Tuesday to begin considering a supplementary budget prior to an extraordinary parliamentary session in the fall.

"The economy is moving toward a mild recovery on the whole, though some elements need monitoring," Vice Finance Minister Tadashi Ogawa said in a news conference.

To solidify the budding pickup, "it is extremely important to steadily implement the fiscal 1996 budget," he said.

Meanwhile, one-time income tax cuts "will demonstrate their effects during the summer bonus season and help prop up the economy," Ogawa said.

Noting he knows no more about Hashimoto's remark than what was reported, Ogawa said, "I believe the prime minister has exactly the same economic outlook as shown in the government's monthly economic report" which pointed to a mild recovery in its may issue.

Mortgage lenders, Ogawa reiterated both agricultural financial institutions and jusen founder banks should provide extra money to reduce the taxpayers' burden of 685 billion yen.

The issue of extra commitments "will not reach a conclusion unless all financial institutions including farm-affiliated financiers cooperate," Ogawa said.

Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, told an ad hoc lower house panel on financial problems Tuesday that the industry will consider extra commitments if it can find "a good plan."

Ogawa urged financial circles to come up with a plan for extra commitments on their own, noting that the ministry is not making any proposals to the industry.

Japan: EPA Official Urges Continued Easy Monetary Policy

OW0706083796 Tokyo KYODO in English
0816 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — A senior official of the Economic Planning Agency (EPA) said Friday [7 June] he hopes the Bank of Japan (BOJ) will maintain its current easy monetary stance, even though the central bank's key quarterly economic survey showed further improvement in corporate business confidence.

EPA Vice Minister Makoto Kobayashi made the appeal after the "tankan" survey released earlier in the day by the BOJ showed that corporate business sentiment in May had improved for the third consecutive quarter.

"The tankan showed that moves toward economic recovery have continued," Kobayashi said.

He added, however, that the tankan results also indicate that Japan's employment conditions remain severe.

Japan: Economist Views Country's Trade Surplus

OW0706072796 Tokyo SANKEI SHIMBUN
in Japanese 4 Jun 96 Morning Edition p 7

[Article by Professor Iwao Nakatani of Hitotsubashi University; from the "Fair Argument" column]

[FBIS Translated Text]

The Plaza Accord is a Historic Turning Point

The Japanese trade surplus has decreased steadily over the last four years —and sharply, especially in recent days. The trade and service account surplus dropped to Y5.9 trillion in fiscal 1995, down from 10.7 trillion yen [Y] in FY92. The current account surplus — the total of the trade, service, and income account surplus — also shrank from Y15 trillion to Y9.5 trillion during the same period, accelerating its rate of decline.

It seems this trend will continue until the 21st century. There is even a possibility that if the rate of decline in the surplus remains the same, the trade and service balance will regain equilibrium and then go into deficit. This shows that Japan's basic economic structure, which had stood on a steady, huge trade surplus, has changed.

Looking back, the Plaza Accord, concluded on 22 September 1985, was the big historic turning point for the Japanese industrial and trade structure. After the accord, Japan's production costs, which had been lower than those of European nations and the United States, became the highest in the world due to a sharp advance in the yen's value. That is, a "historic reversal in cost conditions" occurred.

For example, the recent commodity prices in Japan are tens of percentage points higher than those in Europe and the United States, and labor costs in the manufacturing industry are exceptionally high as well. As production costs in Japan are the highest in the world, Japanese companies are forced to change their management strategies. First, they need to decide whether their production sites should move to foreign countries where production costs are low. Second, they need to decide whether to purchase cheap intermediate goods from foreign countries instead of buying them at home. In other words, they ought to decide whether to stop doing business with their affiliates. Third, even if they decide to stay at home, they will have no other choice but to cut production costs by thorough rationalization and do their utmost to develop new products that are original enough to sell well even at high prices, as well as new businesses.

Inappropriate "Japan Bashing"

Ten and a half years have passed since the conclusion of the Plaza Accord, and Japanese industrial and trade structure has radically changed, thanks to companies' efforts to adjust themselves to the reverse in cost conditions by their own way. Many manufacturing companies have relocated their production sites overseas, especially to Asia. As a result, production centers for the home electronic appliance industry have been formed in Malaysia, Singapore, Thailand, and other Asian countries. Lately, many electric appliances we use have been made in Asia, and over 60 percent of the total volume of Japanese imports is from Asia.

Circumstances surrounding Japan's export-oriented industry have changed greatly. Durable consumer goods, such as cars and electric appliances, accounted for 70 percent of Japan's trade surplus 10 years ago. Recently, however, capital goods, such as machinery, have been Japan's key exports. We first export capital goods to foreign nations to improve their supply capacity for Japan, and then we import products from them.

Immediately after the conclusion of the Plaza Accord, overseas supply capacity for Japan was insufficient because relocation of production sites had just started. In the meantime, Japan's trade surplus temporarily increased, because the volume of capital goods exports had sharply increased to build production sites overseas. There was harsh criticism that the Japanese market must be extremely exclusive because "its trade surplus does not drop, no matter how high the yen's value goes." Under such circumstances, Japan-U.S. trade friction intensified further in those days. However, the recent sharp growth in imports clearly tells us that such criticism was inappropriate.

Ten years after the signing of the Plaza Accord, investments in plant and equipment that Japanese firms made every year have begun producing accumulated effects. The production capability of overseas sites has improved greatly, and the volume of funds flowing from overseas has increased as well. Although capital goods exports have continued to grow, the volume of imports from the overseas production sites has increased greatly, exceeding capital exports in terms of the amount of money. At the same time, Japanese firms positively switched from domestic procurement of parts to outsourcing with foreign companies. Lately, most parts used in Japan-made personal computers are produced in Taiwan. This indicates that the changeover from domestically made parts to foreign-made parts has advanced to a certain extent.

Decline in Trade Surplus Could Prolong Recession

The shrinking trade surplus is favorable to settling international trade friction. However, at the same time, a continued drop in foreign demands would deteriorate the Japanese economic growth and prolong the recession. Foreign demands accounted for an 0.8 percent decline in FY95 economic growth. If industries are created to cover hollowing out certain industries, and if new job opportunities are created, the Japanese industrial structure will climb higher, and the Japanese economy will regain its dynamism. However, if circumstances do not develop in this way, it would be hard for Japanese economy to recover. This point is the core of the present problem in the Japanese economic structure.

A sharp decline in the recent trade surplus is not temporary and cannot be changed by a certain drop in the yen's value. If we leave the situation as it is, Japan will suffer from trade deficits in the 21st century. With this in mind, we should now seriously and positively consider what to do.

Japan: Government To Appoint Former Prosecutor To Head FTC

OW0506063296 Tokyo KYODO in English 0544 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — The government informally decided Wednesday [5 June] to appoint Yasuchika Negoro, a former chief of the Tokyo High Public Prosecutors Office, as chairman of the Fair Trade Commission.

Negoro, 63, will be the first former public prosecutor to become chairman of the antimonopoly watchdog. The post has been taken by former Finance Ministry officials for the past four terms.

Negoro will succeed Masami Kogayu, former vice finance minister, when he completes his current term at the end of August.

The appointment will be formalized after it is approved by the Diet, the sources said.

In addition to chief of the Tokyo High Public Prosecutors Office, Negoro also held such posts as director general of the Justice Ministry's Criminal Affairs Bureau and vice justice minister before retiring in July 1995.

The appointment of a former prosecutor is aimed at reinforcing the FTC in response to U.S. calls to strengthen the organization to promote competition, the sources said.

The government, also taking into account criticism of the Finance Ministry's handling of the moribund "jusen" housing loan companies, considered naming a university professor, a judge or prosecutor to succeed Kogayu, on the condition that the candidate had no financial interest in any specific industry but was well informed about administration, they said.

The FTC has been somewhat hesitant about being headed by a former prosecutor because such an appointment might focus the agency more on the exposure of wrongdoing in the financial world, the sources said.

Prime Minister Ryutaro Hashimoto, however, who has made an "international pledge" to strengthen the agency, has sought a new image for the FTC.

Japan: Nation's 1995 ODA Totals 1.38 Trillion Yen

OW0706012496 Tokyo KYODO in English
0024 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan's Official Development Assistance (ODA) in 1995 amounted to 1.38 trillion yen, up 0.6 percent from the previous year, the Foreign Ministry said Friday [7 June].

The sum is equivalent to 14.72 billion dollars, up 9.3 percent, the ministry said in a preliminary report on the nation's extension of ODA in the year.

The fact that growth on a dollar basis was higher than that in yen terms is attributable to a shift by the Development Assistance Committee (DAC) in the Japanese currency's exchange rate versus the U.S. unit during the period from 102.23 yen to 94.07 yen, the ministry said.

The DAC is a 21-member aid committee of the Paris-based Organization for Economic Cooperation and Development.

The annual report also said the ratio of Japan's ODA to its gross national product slipped to 0.28 percent in 1995, down by 0.01 percentage point.

Japan: Figures for May 'Tankan' Quarterly Survey

OW0706065396 Tokyo KYODO in English
0554 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The following are key figures in the quarterly "Tankan" survey in May, released by the Bank of Japan on Friday [7 June].

Business conditions	**May**	**Feb**
Major manufacturers	-3	-12
Major nonmanufacturers	-9	-18
Smaller manufacturers	-19	-25
Smaller nonmanufacturers	-6	-13
Product supply/demand conditions major companies	-24	-27
Product inventory conditions major companies	15	18
Labor surplus conditions major companies	21	22

Major companies' capital investment plan—Fiscal 1996	up 6.0
Sales forecast—Fiscal 1996	
Major manufacturers	up 3.4
Major nonmanufacturers	up 1.9
Pretax profit forecast—Fiscal 1996	
Major manufacturers	up 13.2
Major nonmanufacturers	up 7.0

Japan: BOJ's Key Business Confidence Index Improves

OW0706063296 Tokyo KYODO in English
0559 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan's economy got another lift Friday [7 June] as the Bank of Japan (BOJ)'s key business sentiment index among major manufacturers further improved to minus 3 in May from minus 12 in the previous February survey.

The central bank also said the diffusion index for major nonmanufacturers in the "Tankan" quarterly economic survey improved to minus 9 from the previous minus 18.

The confidence index represents the percentage of companies seeing better business conditions compared with three months ago minus the percentage of those observing otherwise.

"The fresh statistics reaffirmed the central bank's assessment that the nation's economy is moving on a gradual recovery path," Masayuki Matsushita, director of the BOJ's Research and Statistics Department, told reporters.

"The feeling of economic recovery has spread among ndustries on a broader front," Matsushita said.

Matsushita said, however, a recovery pace in the key corporate business confidence remains "moderate."

Assuming that the dollar-yen exchange rate remains at the current level, major companies' profits may improve further, he said.

"On the other hand, if the downtrend in market prices for microchips prolongs further, their profits could be eroded," Matsushita said.

The May figure of the business confidence index for major manufacturers is higher than the originally estimated reading of minus 6 in the previous February survey.

The figure for major nonmanufacturers is also higher than the earlier projected minus 12.

The labor index for major companies, or the percentage of those with excess labor force minus the percentage of those suffering from a labor shortage, improved to 21 from the previous 22.

The product inventory index, or the percentage difference between companies with excess inventories minus those with shortages, stood at 15, compared with 18 in the February survey.

Major manufacturers and nonmanufacturers plan to increase their capital investment for fiscal 1996 by 6.0 percent from the previous year, revising their plans from a yearly 0.6 percent growth in the previous survey.

Major manufacturers estimate their sales will increase an average 3.4 percent from year-earlier levels for fiscal 1996, an upward revision from the February estimate of 2.1 percent growth, the survey said.

Major nonmanufacturers, excluding electric power and gas companies, anticipate a 1.9 percent sales rise, up from the previous estimate of a 1.5 percent increase, it said.

As for profits, manufacturers foresee a 13.2 percent rise against an 11.3 percent growth estimated three months before, while nonmanufacturers predict a 7.0 percent increase, up from the previous estimate of a 5.9 percent rise, the survey said.

Japan: Economists, Businessmen React to 'Tankan' Survey

OW0706105396 Tokyo KYODO in English 0855 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The closely watched quarterly Bank of Japan (BOJ) "tankan" survey released Friday [7 June] shows that business sentiment has improved for the third straight quarter, underscoring an ongoing moderate economic recovery.

Economists, however, say it is still uncertain whether the budding recovery will justify a tightening of the central bank's easy monetary stance.

The business confidence index, the key component of the tankan survey, improved to minus 3 for major manufacturers in May from minus 12 registered in the previous survey in February.

The figure — the percentage of companies saying their business climate is improving minus those reporting worsening conditions — outstripped the minus 6 predicted by respondents in the February survey.

"The economy is continuing to pick up and the recovery is spreading into wider sectors, though the pace of turnaround is slow," said Masayuki Matsushita, director of the central bank's Research and Statistics Department.

Masaru Takagi, chief economist at the Fuji Research Institute, said the 9 point increase in the index is "so bright that it makes you worried."

But he stressed that production, employment, money supply and other economic indicators due out later this month should be monitored to confirm the solidity of the recovery.

"If these indicators — which have not necessarily shown strength — turn for the better, (the BOJ) could stop guiding interest rates lower possibly later this month," Takagi said.

Tetsuro Sawano, an economist at the Nikko Research Institute, was also cautious about a change in the BOJ's monetary policy, saying, "tankan alone will not prompt credit tightening."

The business sentiment index for nonmanufacturers also improved to minus 9 from minus 18 in the February survey, beating the minus 12 reading projected in that survey.

Looking ahead at sentiment for the period through September, the tankan survey said the index is expected to improve to zero for major manufacturers — climbing out of the minus column for the first time since November 1991 — and to minus 3 for major nonmanufacturers.

But Nikko's Sawano said economic conditions in the summer and fall must be monitored carefully because chemical, automotive and other industries project deterioration in their business conditions toward September after reporting improvement in the may survey.

Among other tankan components, the capital investment survey showed that major manufacturers expect to spend 6.7 percent more in fiscal 1996 ending in March 1997 than in the year earlier.

The strong growth, however, should be somewhat discounted since the companies had increased their fiscal 1995 capital outlays by only 7.8 percent from the previous year, 2.0 percentage points lower than earlier planned, the BOJ's Matsushita said.

The projection was also bullish because it does not reflect the softening semiconductor market, Sawano pointed out.

Electric machinery makers, including chip makers, account for 25 percent of capital spending by manufacturers, a BOJ official said.

Matsushita admitted that the microchip market is a cause for concern. "Bullish and bearish sentiments are clashing in the market now," he said. "Some chip makers are already cutting back investment."

Major nonmanufacturers also plan to boost their capital outlays by 5.7 percent in fiscal 1996.

Corporate managers project that their earnings will continue to grow in the current fiscal year, the survey showed.

Leading manufacturers forecast their pretax profits will rise 13.2 percent year-on-year for the third straight year of double-digit growth thanks to a recovery in domestic demand, the reversal in the yen's appreciation and corporate restructuring.

They believe the dollar will trade at an average 101.39 yen in fiscal 1996, compared with 94.55 yen a year earlier. "If the dollar stays at the current level (of 108-109 yen), it will work to boost earnings," Matsushita said.

Major nonmanufacturers predict their pretax profits will pick up 7.0 percent for the second consecutive year.

While these projections favor a "transition to the process of autonomous economic recovery" led by private-sector demand, factors such as the semiconductor market and employment must be watched carefully to see if it will materialize, Matsushita said.

The employment index for major companies stood at 21, almost unchanged from the 22 registered in the February survey. The figure represents the percentage of companies with excess labor minus those that have a labor shortage.

Japan: Ex-Supporter Criticizes Kato's Explanations on Donations

OW0406140796 Tokyo KYODO in English 1350 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — A former supporter of Koichi Kato, secretary general of the Liberal Democratic Party (LDP), on Tuesday [4 June] criticized Kato's statement before the Diet on questionable donations from a now-defunct steel frame maker Kyowa Co., a borrower from failed "jusen" housing loan companies.

Shigenori Mizumachi, former head of Kato's supporter group, said Kato's remarks contradicted the facts.

Appearing before the House of Representatives ad hoc committee on jusen affairs, Kato denied he had taken the donations but admitted that his supporters could have taken them from Kyowa.

"It is a fact that former Kyowa Vice President Goro Moriguchi handed 10 million yen to Kato," Mizumachi said, describing in detail how the money was handed to Kato on Jan. 31, 1990, in a suite at a Tokyo hotel.

Mizumachi suggested that he is willing to testify before the Diet over the issue.

Kato, who was questioned as an unsworn witness by the Diet panel, said, "I thought of the allegation over and over again, but I don't remember such donations, so this means there have not been such donations."

Kato, however, said Mizumachi and Moriguchi were on good terms and said Mizumachi might have received donations from Moriguchi.

Kato said he had handed 10 million yen over to Mizumachi in 1992 and had asked Mizumachi to pay Moriguchi the amount if the former Kyowa vice president had offered a donation to his supporters.

Kato said he did so thinking that if such a donation had indeed been made, it would have caused problems for the cabinet of then Prime Minister Kiichi Miyazawa, for whom he was chief cabinet secretary at the time.

Japan: Ministry To Create Fund To Cover Some of 'Jusen' Debt

OW0606023296 Tokyo KYODO in English 0036 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The Finance Ministry has decided to create a new fund to help reduce taxpayers' burden in contributing to a government scheme to liquidate the seven failed "jusen" housing loan companies, the NIHON KEIZAI SHIMBUN said Thursday [6 June].

The ministry will ask commercial banks that founded the housing loan firms to contribute money to the proposed fund on a voluntary basis, the economic daily said.

The current government scheme calls for 3.5 trillion yen of the liquidation costs to be shouldered by the founding banks, 1.7 trillion yen by other banks with claims against the firms, and 530 billion yen by agricultural financial institutions, the largest jusen creditors.

But the remaining 685 billion yen must be covered by other sources, forcing the general public to put up money in the fiscal 1996 national budget.

The banking industry has already decided to donate 900 billion yen for a fund to cover losses expected to arise from the disposal of loans left after the firms are liquidated.

The proposed new fund will be invested for 15 years and the yields from it will be used to reduce the taxpayers' burden in the liquidation scheme, the paper said.

The fund is in response to a strong public call for relevant financial institutions to contribute more to the government scheme.

The new move by the Finance Ministry comes after the recent softer stance by the banking industry on the housing loan firm issue.

Shunsaku Hashimoto, leader of the banking industry as chairman of the Federation of Bankers Associations of Japan, has recently become more flexible on additional contributions by the founding banks to the scheme, saying they are prepared to study "acceptable" ideas.

Japan: Bad Farm Loans Estimated at 307.6 Billion Yen

OW0606045496 Tokyo KYODO in English
0421 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Combined bad loans held by agricultural financial institutions to nonbank moneylenders stood at 307.6 billion yen as of the March 31 end of fiscal 1995, a Farm Ministry official said Thursday [6 June].

The farm institutions' total lending to the nonbanks came to 6,603.6 billion yen, Hidetaka Tsutsumi, head of the Agriculture, Forestry and Fisheries Ministry's Economic Affairs Bureau, told a House of Representatives ad hoc committee on financial matters.

Their loans to all borrowers came to an estimated 31,850.8 billion yen at the end of March, of which 502.1 billion yen had become delinquent, Tsutsumi said.

The bad loans covered loans to bankrupt borrowers, loans on which interest payments have been in arrears for at least six months, and "restructured" loans on which interest rates have been reduced or suspended, he said.

Japan: Lower House Panel Approves 'Jusen' Bill

OW0606085496 Tokyo KYODO in English
0825 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — A special Diet committee on finance approved Thursday [6 June] a bill needed to use 685 billion yen in tax money for the liquidation of seven moribund mortgage firms or "jusen."

The approval by the House of Representatives special committee on financial affairs came by a majority vote by the three ruling coalition parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake. The main opposition party Shinshinto (New Frontier Party) and the Japanese Communist Party (JCP) voted against the bill.

The House of Representatives is expected to approve the bill at Friday's plenary session and send it to the House of Councillors for final approval.

Prime Minister Ryutaro Hashimoto's ruling coalition hopes the bill will be enacted by the end of the current Diet session June 19, as the tripartite coalition holds a majority in both houses.

The passage of the bill in the lower house panel came after five months of wrangling between the ruling coalition and Shinshinto over the disbursement of tax money to help mop up losses resulting from the mortgage firm liquidation.

Shinshinto had tried to block Diet debate, using such strategies as a three-week sit-in protest in March at a Diet room used for debate over the fiscal 1996 budget, which has provisions for the use of tax money for the liquidation plan.

Shinshinto had also demanded that Koichi Kato, secretary general of Hashimoto's LDP, be summoned before the Diet over allegedly taking a donation of 10 million yen from a housing loan firm borrower in 1990, claiming it was a prerequisite for debate over the bill.

Kato testified as an unsworn witness before the Diet on Tuesday and denied taking the donation.

Japan: Farm Minister Decides To Freeze Wheat Prices

OW0606131696 Tokyo KYODO in English 1139 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Farm Minister Ichizo Ohara decided Thursday [6 June] to freeze the government's purchase prices of wheat, barley and rye harvested this year, ministry officials said.

The decision was made after the Rice Price Council, an advisory panel to the agriculture, forestry and fisheries minister, endorsed a plan presented by Ohara earlier in the day to keep wheat, barley and rye prices unchanged for the fifth consecutive year, the officials said.

As a result, the price at which the government buys wheat from growers has stayed at 9,110 yen per 60 kilograms. Prices have also been pegged at 6,540 yen per 50 kg for barley and 9,421 per 60 kg for rye.

The farm ministry sought to set the price of wheat at 9,076 yen based on production costs and other data, the officials said. However, the ruling coalition parties and producers pressed for a price freeze ostensibly to give a boost to the morale of farmers.

At Thursday's [6 June] council meeting, seven of the 25 members supported the "theoretical price" proposed by the ministry and demanded the elimination of a politically motivated price increase, the officials said.

Domestically produced wheat is five times more expensive than imports.

In its price recommendation to the farm minister, the council called for the prompt rationalization of wheat production, distribution, import and processing.

Japan: Farm Leaders Refuse To Pay Extra Jusen Liquidation Funds

OW0606131396 Tokyo KYODO in English 1222 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The leaders of financial institutions affiliated with farm cooperatives Thursday [6 June] reaffirmed their refusal of a government request to pay extra funds to help wind up seven failed "jusen" mortgage firms, Norinchukin Bank President Kenichi Kakudo said.

The position was confirmed at a meeting of Kakudo and the leaders of the institutions, such as the Central Union of Agricultural Cooperatives (Zenchu).

The leaders agreed anew that putting up additional contributions to help the government-proposed liquidation scheme is "extremely difficult," Kakudo and other leaders said.

During the meeting, Hiroshi Takano, a Zenchu board director, told the leaders that his earlier parliamentary statement — taken then as indicating the farm organizations' readiness to put up extra funds — was misinterpreted and that he meant no such thing, they said.

Out of the 6.4 trillion yen liquidation burden-sharing package assembled by the government, farm banks were asked to pay only 530 billion yen to help dispose of primary losses to emerge during the liquidation of the seven lenders.

Many consider the farm banks' portion too small, given that their combined lending to the seven amounted to 5.5 trillion yen, which they secured as a government commitment to repay on behalf of the housing lenders.

Japan: 'Jusen' Proceedings Delay Ozawa's Departure for Europe

OW0606145696 Tokyo KYODO in English 1443 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Ichiro Ozawa, leader of Japan's main opposition party Shinshinto (New Frontier Party), will postpone his trip to Europe at least until Saturday to attend a crucial parliamentary session on the housing loan liquidation scheme, aides said Thursday [6 June].

They said Ozawa will attend Friday's plenary session of the House of Representatives which will act on the package of bills for the government plan to liquidate the nation's seven moribund housing loan companies, known as "jusen."

Ozawa had initially planned to leave Tokyo on Friday for the Netherlands and Britain.

But his planned trip came under fire at a meeting Thursday of senior Shinshinto members who said the jusen problem is one of the key issues their party has addressed.

It is not clear at the moment when Ozawa will depart for Europe.

Japan: Major Banks To Shoulder Additional 'Jusen' Burden

OW0706002496 Tokyo KYODO in English 2348 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Major commercial banks known as city banks and other leading financial institutions are likely to accept an additional burden in liquidating seven insolvent "jusen" housing loan companies, financial sources said Thursday [6 June].

The major financial institutions will likely express their readiness to shoulder the extra burden June 19, the last day of the current ordinary Diet session, according to the sources.

The House of Representatives is expected to pass the government's "jusen" liquidation plan at Friday's plenary session, and send it to the House of Councillors for further discussion.

The plan features the use of 685 billion yen in taxpayers' money to help finance liquidation of the housing loan companies.

Under the government scheme, the banks that founded the housing loan companies would give up claims on a total of 3.5 trillion yen in loans to the mortgage companies. Other banks would abandon claims on 1.7 trillion yen in loans.

The government, however, has called on the banks to shoulder a bigger financial burden to ease strong public criticism over the use of taxpayers' money.

The government will also ask farm-related financial institutions, the largest creditor group to the mortgage companies, to take on an additional burden.

The government plans to set up a fund totaling some 500 billion yen with extra contributions from the banks and the farm financial institutions and to use the fund's operating profits to make up for the 685 billion yen in taxpayers' money.

Japan: Tokyo May Seek Central Bank's Help on 'Jusen' Issue

OW0706025696 Tokyo KYODO in English
0219 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Finance Minister Wataru Kubo said Friday [7 June] the government may seek cooperation from the Bank of Japan (BOJ) in its bid to reduce taxpayers' burden for a scheme to liquidate failed "jusen" housing loan companies.

"The government may consider asking the BOJ for its Cooperation," Kubo said at a news conference.

The cooperation will probably be implemented in the form of central bank loans, and the government should make the cooperation request acceptable for the bank, he said.

Kubo thus indicated that the government would guarantee the BOJ repayment of loans to be made by the central bank to ease public burden in the housing loan issue.

Kubo also said a reported plan to create a new fund with money from the private sector is one possible option in seeking additional contributions to the liquidation scheme.

The government-devised scheme calls on banks that founded the housing loan companies, and other creditor institutions, to share costs of liquidating the debt-ridden companies.

Under the scheme, however, part of the liquidation losses will be covered by using 685 billion yen in taxpayers' money.

In face of strong public criticism of the scheme, the government is now seeking additional contributions from the founder banks and others to help offset the 685 billion yen spending.

Press reports said the government plans to set up a fund totaling some 500 billion yen so that its investment returns should be used to make up for the tax money.

The government is seeking donations to the fund from the Bank of Japan in addition to donations from the founder banks and other institutions, the reports said.

Japan: Full Lower House Approves 'Jusen' Bill on Losses

OW0706083896 Tokyo KYODO in English
0758 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The House of Representatives approved Friday [7 June] a set of six financial bills, including one needed for the use of 685 billion yen in taxpayers' money under the fiscal 1996 budget to help wind up seven failed mortgage companies or "jusen."

The lower house immediately sent the bills to the House of Councillors, or the upper house, for further discussion.

The bills are certain to be enacted by the June 19 end of the current session of the Diet as the ruling coalition holds a comfortable majority in both houses of parliament, political sources said.

One of the six bills authorizes the government to set up a special vehicle to liquidate assets held by the seven jusen companies and spend 685 billion yen in taxpayers' money to help mop up losses stemming from the jusen liquidation.

The lower house passed the bills with no amendments by a majority vote of members of the three ruling parties.

The coalition comprises Prime Minister Ryutaro Hashimoto's Liberal Democratic Party, the Social Democratic Party led by former Prime Minister Tomiichi Murayama, and New Party Sakigake headed by former Finance Minister Masayoshi Takemura.

Members of the main opposition party, Shinshinto (New Frontier Party), voted against the bills.

Members of the Japanese Communist Party also voted against the bills, except for one designed to protect deposits at agricultural cooperatives-related financial institutions.

The full lower house approved the bills a day after a special panel on financial affairs endorsed them, capping five months of wrangling between the ruling and opposition camps.

Capitalizing on a surge in public anger over the plan to use taxpayers' money, Shinshinto had tried to block Diet debate over the scheme, using such tactics as a three-week sit-in protest in March in front of a Diet room used for debating the fiscal 1996 budget which featured the use of public money for the jusen liquidation.

But Shinshinto could find no way to block the Diet passage of the bills after it failed to gain ammunition from Tuesday's Diet testimony by LDP Secretary General Koichi Kato over his alleged acceptance of a 10 million yen donation from a jusen debtor in 1990.

The five other bills are:

— A bill designed to enhance the functions of Deposit Insurance Corp., a semigovernmental body set up to protect deposits at failed financial institutions.

— A bill intended to give the government tighter control over financial institutions in bad financial health.

— A bill aimed at facilitating swifter handling of failed financial institutions by empowering the Finance Ministry to ask a court to order a rehabilitation process for financial companies that have fallen into what the ministry views as fatal financial troubles.

— A bill designed to extend the period of prescription permitting demands for compensation for damages against jusen loans.

— A bill on protection of deposits at farm-related financial institutions.

Japan: White Paper: Fewer View Land as Good Investment

OW0406075996 Tokyo KYODO in English 0718 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — The public and corporate perception that land is a better investment than bank savings is on the wane, according to the annual white paper on trends in land in fiscal 1995, released Tuesday [4 June].

The white paper, presented to the cabinet the same day by National Land Agency Director General Kazumi Suzuki, says in the mid to long term, demand for land will slacken due to a slowing in the rate of population growth and a hollowing out of the Japanese economy, with more and more corporations moving offshore.

The paper says this and structural changes in the supply side of the market involving the building of housing in agricultural areas within urban boundaries and the spread of land leasing, will ensure there are no major land price rises.

It says these factors mean that now is a good time for the development of policies designed to allow people to live close to their workplaces in the city and to ensure that urban areas are able to withstand major disasters.

According to an agency survey in January this year of 3,000 people around Japan, 49 percent of those responding said they think land is a better investment than shares or a bank account.

This was 13 percentage points less than the figure for fiscal 1994, and 15 percentage points lower than in fiscal 1988 at the height of the so-called "bubble economy" when land prices were astronomically high.

Of 9,000 companies the agency surveyed in major cities, 57 percent of those responding said they feel they will have to revise their management style which depends on profits gained from land.

The survey also found that 43 percent of those responding to the poll said they would prefer prices to drop further. (endall) 040718 florence RF130406.003 ym 04/0759z Jun

Japan: Holding Company Measure Put Off Until Next Diet Session

OW0706053496 Tokyo KYODO in English 0334 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The ruling coalition, management and labor agreed Friday [7 June] to postpone a measure to lift a ban on holding companies until the next session of the Diet, coalition officials said.

The government was considering revising the anti-monopoly law to remove the ban on holding companies.

The officials said the three groups also agreed to set up a forum of representatives of employers, labor unions and third parties to study labor problems that would result from the proposed lifting of the ban on holding companies.

The panel will be formed after an experts group set up in the labor ministry comes up with a conclusion on the matter, they said.

The ruling coalition consists of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

The business and labor organizations represented at Friday's session were the Federation of Economic Organizations (Keidanren), the Japan Federation of Employers Associations (Nikkeiren) and the Japanese Trade Union Confederation (Rengo).

The ruling coalition is split on the issue, with the SDP supporting Rengo's call for a revision of the trade union law before the lifting of the ban so that workers at subsidiaries could negotiate with the managements of holding companies.

The business groups and the LDP oppose Rengo's stance, arguing the problem can be dealt with under the existing law.

Japan: Construction Ministry Projects Spending for FY96

OW0506094696 Tokyo KYODO in English 0908 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Public-sector construction spending in fiscal 1996 through next March is estimated to reach a record 37.5 trillion yen in nominal terms, up 0.9 percent over the previous year's level, the Construction Ministry said Wednesday [6 June].

In inflation-adjusted real terms, the investment will increase 0.7 percent to 35.59 trillion yen.

Under the fiscal 1996 budget including a 4 percent rise in public works outlays, the expected growth of nominal construction investment consists of a 1.3 percent rise in civil engineering spending and a 0.8 percent fall in spending on construction works, the ministry said.

Combined with private-sector spending, total construction investment will amount to 81.84 trillion yen, up 1.8 percent for the second consecutive yearly rise, accounting for 16.5 percent of Japan's gross domestic product, down 0.1 percentage point.

The total, as viewed on a half-year basis, represents a 4.9 percent increase in the fiscal first half over a year earlier but a decrease of 2.2 percent in the second half.

The estimate reflects prospects of higher interest rates and front-loaded demand for homes ahead of a consumption tax raise scheduled for April 1997, analysts said.

Private-sector construction investment is estimated to grow for the first time in six years to 44.33 trillion yen, up 2.6 percent, the ministry said.

Private housing investment is forecast to increase 3.8 percent to 25.27 trillion yen. Housing starts are projected at as many as 1.48 million, little changed from the previous year.

Japan: Chip Makers Freeze 16-Megabit DRAM Output Expansion

OW0606131596 Tokyo KYODO in English 1033 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Major Japanese makers of mainline 16-megabit dynamic random access memory (DRAM) chips will freeze their plans to boost output of the chips and even cut production, their officials said Thursday [6 June].

To respond to the sudden plunge in global prices of 16-megabit DRAMS since early May, the companies are placing greater emphasis on manufacturing next-generation 64-megabit DRAM chips or advanced microprocessors, they said.

Hitachi Ltd. and Nippon Steel Corp. said Thursday they have reached a basic agreement with the Singaporean Government to form a joint venture in Singapore to manufacture 64-megabit chips.

An official involved in the project said, "unless we conduct this capital outlay now, we will not be able to respond when demand arises."

Japanese chip makers are unanimous in saying that demand for higher-integrated memory chips, such as 64-megabit DRAMS, will expand in the future, although their 16-megabit businesses are losing steam, industry sources said.

Chip makers are entering an era where the fate of a maker is determined on the basis of whether it has financial resources to continue huge capital investment needed to shift to the manufacturing of more highly integrated memory chips or advanced microprocessors, the sources said.

NEC Corp. has begun shipments of 256-megabit DRAMS that can hold memory data corresponding to 1,000 pages of a newspaper on a single chip.

It is now producing high-speed DRAMS that provide a data transmission speed two to eight times faster than conventional DRAM chips, and will emphasize production of such DRAMS, it said.

These shifts are taking place against the backdrop of plummeting prices for 16-megabit DRAMS to about 15 to 17 dollars per chip within the past five months, roughly one-third of the price at the beginning of the year.

NEC officials said the company will suspend 16-megabit DRAM production lines in August, while Hitachi officials said the firm has frozen a 16-megabit output boost program.

Mitsubishi Electric Corp. officials said it will halt production at its main 16-megabit factory.

Officials at Toshiba Corp. and Fujitsu Ltd. also said their companies are leaning toward scaling back their ambitious 16-megabit production increase programs.

Japan: Medical Equipment Prices 3-5 Times Higher Than in U.S.

OW0406103196 Tokyo KYODO in English 0938 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Prices of medical equipment sold in Japan are three to five times higher than those in the United States and European countries, a semigovernment trade organization reported Tuesday [4 June].

The report was made by the Japan External Trade Organization (JETRO) based on a survey of market access released Tuesday.

For example, the report said the prices of heart-regulating pacemakers range from 1.6 million yen to 1.7 million yen in Japan, as compared with 600,000-700,000 yen in the U.S. and 300,000-350,000 yen in Britain.

The organization said the wide price gap is attributable to Japanese trade and distribution practices.

Japanese prices normally include costs for regular inspections and foreign makers tend to set higher shipment prices as Japanese users are generally less cost-conscious, it said.

Japan: Yamaha To Make Motorcycles at Joint Venture in China

OW0506120696 Tokyo KYODO in English 1157 GMT 5 Jun 96

[FBIS Transcribed Text] Tokyo, June 5 KYODO — Yamaha Motor Co. said Wednesday [5 June] it will start producing motorcycles Thursday at a factory of a new joint venture in China.

The joint venture plans to produce 20,000 scooters with an engine capacity of 125 cc in fiscal 1996 to next March, expanding the production to 60,000 in fiscal 1998, the company said.

With this new joint venture, Yamaha Motor now has three joint ventures and four technically assisting partners in China. It aims to produce a total of 860,000 motorcycles in China in fiscal 1996, it said.

Japan: Honda To Resume Plan for Car Production in Turkey

OW0706065596 Tokyo KYODO in English 0531 GMT 7 Jun 96

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Honda Motor Co. will resume its plan to manufacture civic passenger cars in Turkey after some two years of freeze due to the country's economic recession, a company official said Friday [7 June].

Honda will build a new plant in a suburb of Istanbul beginning in July to start production in the fall of 1997, together with a local industry group, he said.

The capital investment is estimated to total around 5 billion yen on a fifty-fifty basis with the local company Anadolu Endustri Holding A.S., the official said.

The new plant will assemble 10,000 vehicles in the first year for the domestic market, but it aims eventually to increase annual production to 30,000 vehicles in a few years and export to nearby countries including those in Eastern Europe, he said.

The plant is likely to import engines from Honda's plant in Britain and other knockdown auto parts from Japan for the first few years, then to increase the local content in five years to 60 percent in order to cut costs, he said.

The two companies, which have already cooperated in the production of motorcycles, first revealed this plan in December 1993, but they stopped the operation when the auto market of 450,000 vehicles in 1993 dropped by almost half in 1994, he said.

The market size rose slightly in 1995 to 255,000 vehicles, thus prompting the two companies to continue with the plan, he said.

Japan: National Police Chief on Stepped-Up Anticrime Efforts

OW0306025596 Tokyo KYODO in English 0148 GMT 3 Jun 96

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The chief of the National Police Agency (NPA) on Monday [3 June] called on police nationwide to step up their efforts to fight highly organized crimes.

"We have improved the system and structure of local police to maintain the rule of law by increasing the staff and revising the police law, and people are paying attention to how we will succeed," Takaji Kunimatsu told a national conference of chiefs of prefectural police headquarters.

Hiroyuki Kurata, head of the National Public Safety Commission, also addressed the conference, and said, "seven wanted men and women in connection with the Aum Shinrikyo incidents are still at large, and people still feel uneasiness." Aum Shinrikyo is the religious sect linked to the Tokyo subway sarin gas attack and other crimes.

Kunimatsu, himself the target of an assassination attempt last year, said police need to improve themselves by reinforcing their capability in scientific investigation and other technical skills. He also called for stepped-up efforts in tackling serious crime and measures to give careful consideration to victims of crime.

Kunimatsu listed four major issues for police to tackle — Aum-related affairs, organized crimes in the failed "jusen" housing loan company debacle, the problem of guns, drugs and gangster organizations, and road traffic accidents.

North Korea

DPRK: U.S. Urged To Respond to Proposal

SK0606143196 Pyongyang Korean Central Broadcasting Network in Korean 0750 GMT 6 Jun 96

[Dialogue between Central Broadcasting Committee reporters Yi In-chun and Yi Song-pok: "The United States Should Respond to Our Proposal for Concluding a Tentative Agreement"]

[FBIS Translated Text] [Yi In-chun] How are you? In February, the government of our republic put forward the proposal for concluding a tentative agreement between the DPRK and the United States in a bid to remove the danger of armed conflict and war on the Korean peninsula and to peacefully maintain the armistice status.

I feel that our proposal is a just and reasonable proposal [chongdanghago hamnijogin chean] that took into account the U.S. policy on Korea, the present DPRK-U.S. relations, and the reality on the Korean peninsula which is dashing toward an unpredictable phase [yechukhalsu omnun kungmyonuro chidakko innun]. This proposal should be realized at an early date.

This hour, I would like to talk about this situation.

[Yi Song-pok] The great leader [widaehan suryong] Comrade Kim Il-song has taught: The relaxation of tensions and the guaranteeing of peace on the Korean peninsula are important issues which should be resolved with top priority for peacefully achieving our nation's reunification.

A peace regime [pyonghwa pojang changchiga] should be provided so that peace on the Korean peninsula can be achieved. As is known, we and the United States, which acts in the name of the UN Forces [yuengunui mojarul ssun miguk], confront each other with the Military Demarcation Line [MDL] in between us, and are still engaged in hostile and belligerent relations [choktaejogin kyojon kwangye].

The Korean war of the 1950's has not ended, but is in a state of temporary suspension [ilsijogin chungdan sangtae]. The armistice system has not been turned into a peace regime even now when nearly half a century has passed since the armistice was signed, and belligerent relations [choktaejogin kyojon kwangye] still prevail. This is abnormal in every aspect and an unfortunate situation unseen any part of the world [onumorobona pichongsangigo segye ko odeso chajabolsu omnun purhaeng satae].

[Yi In-chun] You are right. The danger prevails on the Korean peninsula in which a war may break out at any moment. However, there is no safety guaranteeing device [anjon pojangchangchi] to prevent war.

Because of this, peace and security of the Korean peninsula are being gravely threatened [omjunghi wihyopdanghago innundae]. As for the Armistice Agreement, it has become a scrap of paper which is unable to make any contribution to ensuring peace on the Korean peninsula [choson pandoui pyonghwa pojange amurun kiyodo halsu omnun chisang kongmunuro toego marossumnida]. Besides, even the supervisory organization which watches the armistice has been destroyed [chongjonul kamsihal kamdok kugomajo pagoedoen iron sangtae].

Mass lethal weapons [taeryang sallyuk mugidul] have been brought on a large-scale into military bases across South Korea and into the DMZ in the south side of the MDL. Moreover, military facilities [kunsa sisolmul] are openly being built in the area, as close as 100 meters to our side of the MDL. This is a solemn fact. In addition, frenzied war maneuvers by the warmongers have been perpetrated against us every day.

[Yi Song-pok] You are right. The purpose of the armistice was to suspend the war, even for the time being, and was for the parties concerned to peacefully resolve their problems.

However, as soon as it signed the Armistice Agreement, the United States artificially broke up [inwijoguro patan sikimuroso] the convocation of a higher-level political conference which was specified in Article 60 of the agreement. As a result, the road for this has been blocked.

The Armistice Agreement has now become useless [muikhan] in ensuring peace on the Korean peninsula. War commotions have been carried out against us behind the curtain of the Armistice Agreement, and our just and reasonable proposal for a new peace regime has been ignored on the pretext of the Armistice Agreement [urirul pandaehanun chonjaeng sodongi chongjonhyopchongui mak twieso kamhaeng teogo isumyo uriui hamnijogigo chongdanghan saeroun pyonghwa pojangchegye surip cheani chongjonhoypchongul pittaego musidoego isumnida].

The Armistice Agreement, which in fact failed to play any function and role as a war prevention organization, has become a factor disturbing the resolution of the peace issue on the Korean peninsula [choson pandoeso pyonghwa munjeui haegyorul panghaehanun yoinuroman toego isumnida].

[Yi In-chun] You are right. Furthermore, what should not pass unnoticed is that new war provocation maneuvers by the forces of the U.S. military and South Korean puppets have become more undisguised and grave. Recently, bellicose forces in the U.S. military and the South Korean puppets are frantically running amok with war adventure against us [urirul pandaehanun chonjaeng mohome kwangbunhago isumnida] on the pretext of what they called the threat from the North, the possibility of provocation, and so forth.

Having deployed enormous forces of aggression [pangdaehan chimnyak muryogul] in and around the Korean peninsula, they carried out a provocative playing with fire of war every day [tobalchogin chonjaeng pulchangnanul maeilgwa kachi kamhaenghago isumnida] in substitute for the Team Spirit joint military exercise. This reflects the so-called theory of strength [irunba himui nolli] that a solution to North-South problems is possible only through military strength. This can be called a preliminary war going beyond the stage of exercise [yonsup tangyerul nomoson chunbi chongjaengirago malhalsu isumnida].

[Yi Song-pok] The DMZ on the south side of the MDL has been turned into a position for starting an attack of northward invasion [pukchimul wihan konggyok chulbal chinjiro toego]. Because of the war maneuvers by the bellicose forces in the U.S. military and South Korean puppets, a dangerous touch-and-go situation [ilchokchukparui wihomhan chongse] has been created on the Korean peninsula.

All situations show that even the least systematic device must be provided to prevent armed clashes and war on the Korean peninsula. Thus, our proposal for concluding a tentative agreement proceeded from this realistic demand.

We called for ensuring a complete, comprehensive, and permanent peace [wanjonhago pogwalchogimyo hanggujogin pyonghwa] on the Korean peninsula. We recognize that for this, a peace agreement should be concluded between the DPRK and the United States. The tentative agreement will work as a substitute for a peace agreement until it is concluded.

[Yi In-chun] As acknowledged by the world, we want peace, and our position is that a peace regime [pyonghwa pojang changchi] should be provided on the Korean peninsula at an early date.

The United States also talks about relaxing the situation and about peace on the Korean peninsula. This being the case, there cannot be any reason that the United States cannot respond to our proposal for concluding a tentative agreement [chamjong hyopchong].

[Yi Song-pok] You are right. A nonaggression agreement [pulgachime kwanhan habuiso] has already been adopted and has been in force between North and South Korea. In addition, the North-South joint military organization has been launched. The parties directly involved in the Armistice Agreement are us and the United States, and the United States has the real power over the issue of ensuring the security of South Korea. Therefore, if the question concerning the conclusion of a peace regime [pyonghwa pojang chegye] between us and the United States is resolved, all other problems will be easily solved.

[Yi In-chun] The United States should respond to our proposal for concluding a tentative agreement [chamjong hyopchong] at an early date. Adhering to the Armistice Agreement by rejecting this proposal cannot be construed otherwise than they want war [kukosul pulguhago chongjon hyopchongul kojiphanun kosun chonjaengul hagettanun kosuro pakke talli polsuga omnundeyo — replacing vernacular word "chonjaeng" with "chongjon" per monitor recheck]. The U.S. policy on Korea will be verified [komjung toel kosimnida] according to what position the United States will take toward the proposal for concluding a tentative agreement and how the United States will deal with the proposal.

[Yi Song-pok] The issue of ensuring peace on the Korean peninsula is an important issue related to peace and security in Asia and the entire world. If a tentative agreement [chamjong hyopchong] is concluded between the DPRK and the United States, an epoch-making phase will be opened for peace and the peaceful reunification of the Korean peninsula, and this will greatly contribute to peace in Asia and the world.

[Yi In-chun] You are right. I would like to conclude our talk here.

DPRK: Hong Song-nam Addresses Memorial Service

SK0606104696 Pyongyang Korean Central Broadcasting Network in Korean 0901 GMT 5 Jun 96

["Report" by Hong Song-nam, candidate member of the Political Bureau of the Workers Party of Korea Central Committee and vice premier, at a Pyongyang municipal memorial service held at the People's Cultural Palace in Pyongyang marking the 70th anniversary of the death of Kim Hyong-chik, Kim Il-song's father — live]

[FBIS Translated Text] Comrades: Today we mark the 70th anniversary of the death of Mr. Kim Hyong-chik, an outstanding leader of our country's anti-Japanese movement for national liberation, at a time when all the people of the country are vigorously accelerating the general socialist onward march, single- heartedly united around the great leader [widaehan yongdoja] Comrade Kim Chong-il and upholding the red banner of the revolution.

On this day, with the greatest reverence, all our people are cherishing the memory of Mr. Kim Hyong-chik, an indomitable revolutionary fighter who devoted himself to the noble cause of the liberation of the fatherland and to the freedom and liberation of the people throughout his life, emotionally looking back on his glorious revolutionary life and noble achievements during the struggle.

Mr. Kim Hyong-chik was born to a patriotic, poor peasant family in Mangyongdae on 10 July 1894. He set out on the road of revolutionary struggle in his early years with the noble patriotic idea of aiming high. At that time, the nation was undergoing suffering because the fatherland was being mercilessly trampled down. He also devotedly fought for the independence of the country and for the happy future of the people.

Mr. Kim Hyong-chik's revolutionary achievements take up a brilliant place in the history of our people's anti-Japanese revolutionary struggle because they were the revolutionary achievements of an outstanding leader who, for the first time in the modern history of our country, opened a new road in the anti- Japanese movement for national liberation under the banner of national independence; were revolutionary achievements by a great pioneer who led the work to chang the direction of the anti-Japanese movement for national liberation from a nationalist movement to a communist movement; and were valuable achievements by an outstanding revolutionary who raised the leader [suryong] of the Korean revolution and left boundlessly valuable revolutionary inheritances for the cultivation of the chuche revolutionary cause and its victorious advance.

Because of those brilliant revolutionary achievements by Mr. Kim Hyong-chik, who opened the dawn of the Korean revolution, our people were able to nobly maintain the lifeline of the revolution, vigorously advance along the single road of independence, and solemnly unfold the new era of brilliant history with victory and honor.

Truly, the great life of Mr. Kim Hyong-chik, who resolutely continued his struggle until the last moment with the noble idea of loving the country and the people, remains brilliant in the hearts of our people as the noble revolutionary life of a great patriot and outstanding revolutionary who devoted himself to the independence of the country and the proletarians' liberation.

An indomitable revolutionary fighter, Mr. Kim Hyong-chik is an outstanding leader who, in the dark period of Japanese rule when our people were writhing because of the tragedy of national ruin, opened a new road in the anti-Japanese movement for national liberation, a road toward achieving the liberation of the country on the independent strength of the nation, and who energetically led the struggle to achieve liberation.

In the 1910s, when Mr. Kim Hyong-chik first began his revolutionary activities, the people's outrage reached an extreme due to the bloody suppression and medieval terrorism practiced by the Japanese imperialists who occupied Korea at that time. Unable to endure their fate of being slaves of imperialism, our people audaciously waged all sorts of anti-Japanese struggles throughout the country, shouting the slogan "Destroy Japan and restore the country." However, because of the maneuvers perpetrated by the flunkeyists and national reformists who were doctrinaire and attempted to seek national liberation by means of relying on and calling for aid to the outside forces while sitting on the upper layer of the liberation movement, all of these struggles experienced bitter defeats before the bayonets of the Japanese imperialists.

At that time, when the liberation movement of Korea could not find a way out and was thus suffering bitter agony, Mr. Kim Hyong-chik energetically waged activities to newly pioneer the road for national liberation after witnessing the miserable reality of the fatherland and the tragic situation faced by the fellow countrymen, standing at the center of fighters for national liberation.

On the basis of his analysis of the prevailing situation and the failures in anti-Japanese movement, Mr. Kim Hyong-chik newly elucidated a truth that the country's liberation should be achieved through the united strength of the Korean people, not by the means of relying on outside forces.

Mr. Kim Hyong-chik said as follows: There is no country in the world that will bring liberation to Korea. We should once again realize that the liberation of Korea should be achieved only by our nation's own strength and that we should fight ahead, firmly believing in the strength of independent popular masses.

In his teaching that the liberation of Korea should be achieved through the nation's own strength, there is a firm conviction that if we resolutely fight ahead with the united strength of the nation while believing in the might of the popular masses, any formidable enemy can be crushed and national liberation achieved. Since then, the spirit of national independence expounded by Mr. Kim Hyong-chik has become a torchlight that has given hope and firm belief in national liberation to our people who wandered about in search of direction in the struggle. His spirit also saved the national liberation movement from a crisis and became a guiding banner that vigorously accelerated the movement.

While studying at Songsin Middle School in Pyongyang, Mr. Kim Hyong-chik, who regarded the country's independent liberation as his lifelong feat, strengthened solidarity with numerous liberation fighters and waged active movements to lead the anti-Japanese liberation movement on to the road for independence.

He formed both legal and illegal organizations, such as the 9 April Group, the Reading Club, and the One-Mind Social Group, and indoctrinated youth and students in the spirit of national independence. He advanced as far as to South and North Pyongan Provinces and Hwanghae Province, where he stoutly carried out activities to enlighten the masses and recruit comrades.

Mr. Kim Hyong-chik left school halfway through the spring of 1913 to become a professional revolutionary in a bid to expand the stage for his revolutionary activities and full-fledged practical struggle. Working as a teacher, whose activities were relatively unrestrained even under the severe pressure by the Japanese imperialists, he united a wide range of patriotic forces by maintaining close contacts with comrades who were carrying out activities in various places at home and abroad and actively promoted preparatory work to form a new organization of the revolution capable of providing unified guidance to the anti-Japanese movement for national liberation.

Mr. Kim Hyong-chik awakened and united the masses from all walks of life, including workers and farmers, to firmly prepare the mass-centered ground for forming a new organization of the revolution. Based on the lengthy preparatory work, he finally convened a historic meeting in Pyongyang on 23 March 1917 to solemnly declare the foundation of the Korean National Association, a secret association aimed at achieving national independence and building a genuine civilized country with the strength of all the united Korean people. The Korean National Council was the largest underground anti-Japanese revolutionary organization formed by Korean patriots at home and abroad around the 1 March popular uprising.

The founding of the Korean National Association was a valuable result of the outstanding anti-imperialist and liberal idea of Mr. Kim Hyong-chik on achieving the national independence with all the united people's strength, as well as a precious result of the arduous struggle to implement the idea. The founding of the Korean National Association was also a historic event that served as a catalyst for epochal changes in developing our county's anti- Japanese movement for national liberation.

With the founding of the Korean National Association, our people came to have a powerful leading organization of the revolution which gave unified guidance to the nationwide movement for national liberation, uniting all anti-Japanese forces in one; our country's anti-Japanese movement for national liberation then entered a new road down which it advanced, based on the nation's independent strength.

Under the leadership of Mr. Kim Hyong-chik, the Korean National Association expanded during a short period of time to have subsidiary organs not only at home but overseas, including in Beijing and Shanghai, and carried out various types of activities such as the mass enlightenment campaign and the education movement, thus opening a new phase for firmly preparing the mass-centered ground of the anti-Japanese movement and developing our country's movement for national liberation in an independent way.

As the organizations of the Korean National Association grew rapidly and their activities increased, the people's respect and trust for Mr. Kim Hyong-chik grew deeper and all fellow countrymen rose up in the anti-Japanese struggle, upholding him as an outstanding leader of the anti-Japanese liberation movement.

Mr. Kim Hyong-chik rallied the broad anti-Japanese patriotic forces at home and abroad around the organization of the Korean National Association and under the banner of national independence at a time when the Japanese imperialists' colonial suppression of Korea reached an extreme. This is his glorious undying feat performed for the independent development of our country's anti-Japanese national liberation movement.

Mr. Kim Hyong-chik, an indomitable revolutionary fighter, was also a great vanguard who, upholding the banner of the proletarian revolution, led to change the direction of the nationalist movement to that of a communist movement at a time when our country's anti-Japanese national liberation movement proceeded under the influence of nationalism. While pioneering the road to newly develop our country's anti-Japanese national liberation movement, Mr. Kim Hyong-chik, who critically saw the nationalist movement from the initial stage of revolutionary activities, came to have a firm belief that the road to the proletarian revolution is the most just road to realize the country's independence, the people's freedom, and liberation.

Even after he was arrested together with some 100 members of the Korean National Association by the Japanese imperialist police in November 1917, he never stopped the struggle during his years in jail and mapped out lines to newly develop the national liberation movement in conformity with the proletarian revolution. After his release, he stood up for the struggle to realize his grand ideas without regaining his health.

Mr. Kim Hyong-chik summoned the historic Chongsutong meeting in November 1918. In the meeting, he set forth lines to restore the dismantled organizations for the Korean revolution and to unite the proletarian masses. He traveled to various places at home and abroad, and waged active revolutionary activities to realize these lines.

Thanks to Mr. Kim Hyong-chik's energetic guidance, the Korean National Association tightly united its ranks in spite of the enemy's suppression and struck deep roots among the proletarian masses, and our people powerfully waged the anti-Japanese national liberation struggle with new vitality.

The 1 March popular uprising, which broadly displayed our people's patriotism and national spirit, taught us the serious lesson that in order for the popular masses to achieve national independence and victory in the struggle for freedom, they should carry out the struggle in an organized manner with precise strategy and tactics based without fail on advanced ideology, and should firmly build their own revolutionary forces by thoroughly rejecting flunkeyism.

Through the bitter reality of the 1 March movement, Mr. Kim Hyong-chik keenly realized the ideological weakness and class restrictions of the bourgeois nationalists. During the Songsudong Conference in July 1919, he emphasized the historic necessity of the proletarian revolution. Based on this, in August he convened in Kwanjon a meeting of the heads of each district chapter of the Korean National Association [KNA], liaison members, and responsible figures from independence movement organizations. At the meeting, he declared the policy of changing the direction of our nation's anti-Japanese national liberation movement from a nationalist movement to a communist movement. He clearly put forward tasks and methods for implementing the policy.

The policy set forth by him for smashing Japanese imperialism with the nation's own strength according to the changes of the times, and for building a new society to ensure the rights of the proletariat masses, is a correct policy which elucidated the precise road for national independence and for building a new society in accordance with the basic trend of historic development as well as with the aspirations of the working popular masses.

With a view to implementing this policy, Mr. Kim Hyong-chik gave priority to the work of diffusing advanced ideology, and at the same time vigorously carried out the struggle against flunkeyism and national reformism, both of which hampered the independent development of the national liberation movement.

What is important in Mr. Kim Hyong-chik's revolutionary activities during the time when the direction of the nationalist movement was being turned into a communist movement was the struggle to prepare revolutionary armed activities against Japanese imperialism and the unity of the armed groups.

Through historic experiences in the anti-Japanese movement for independence, Mr. Kim Hyong-chik clearly realized that we cannot avoid failure if we resist with empty hands the bloody oppression of an enemy who has strong and enormous armed forces. He set it forth as the general direction for achieving Korea's independence to fight against Japanese imperialism with the nation's own strength and with arms in hand. He energetically led the struggle to implement this.

Mr. Kim Hyong-chik set forth the policy of selecting patriotic youth from the proletariat class to foster them to be the core of the military. He also put forward the policy for turning the ranks of commanders and soldiers of existing armed groups into armed forces of workers and peasants capable of carrying out the proletarian revolution by ideologically reforming them. He dispatched members of the KNA to each unit of the independence army, and energetically organized and led the work of diffusing advanced ideology, of purchasing weapons, of fostering core members, and of enhancing the combat capability of the army.

He also energetically led the work to unite the anti-Japanese armed organizations and independence movement organizations operating in Jiandao, the Maritime Kray, and the northern border area. As a result of his positive activities and patient persuasion, organizations which had habitually rejected and disliked each other, and which had sought power, finally began to unite themselves. In particular, taking the Fusong meeting in August 1925 as an opportunity, anti-Japanese armed organizations and independence movement organizations, which had been carrying out activities separately in various places at home and abroad, formed an association to accelerate the unification of all national organizations and began to take common steps. This was a great accomplishment. As a result of his positive activities, our country's anti-Japanese movement for national liberation freed itself from the influence of nationalism and vigorously marched toward a communist movement that helped further the proletarians' interests by carrying out armed activities based on advanced ideology and the strength of the popular masses.

Truly, Mr. Kim Hyong-chik cultivated a correct road, elevating our people's anti-Japanese struggle from a nationalist movement to a communist movement in compliance with the prevailing situation and direction of historical development. In so doing, he made an immortal contribution to accelerating the independent development of the anti-Japanese movement for national liberation and for hastening the dawn of the Korean revolution.

An indomitable revolutionary fighter, Mr. Kim Hyong-chik was a great revolutionary who raised the great leader [widaehan suryong] of the Korean revolution, opened a new era in our revolution in which people were marching forward under the leadership of the leader [suryong], and boundlessly left valuable revolutionary inheritances that will be handed down to posterity forever.

The course of Mr. Kim Hyong-chik's sleepless and restless revolutionary activities to provide our nation a bright future is brilliant with the noble hard work of raising his son into an outstanding revolutionary and an excellent leader [ttwionan chidoja] who would devotedly wage the struggle for the country and people, doing so with a lofty intention to firmly continue the Korean revolution from generation to generation.

In his reminiscences "With the Century," the great leader Comrade Kim Il-song has taught: I received as inheritances from my father the idea of aiming high, the idea of comradely love, three songs, and two pistols.

The noble idea of aiming high, which Mr. Kim Hyong-chik possessed, is a revolutionary outlook on life that is consistently seen in the entire course of his revolutionary activities. It also was the most valuable ideological and spiritual inheritance given to the great leader [widaehan suryong].

His idea on aiming high is a philosophical maxim containing the ideals of the lives of revolutionaries, the goal of their struggle, an ardent love for work, a firm belief in a victory in the revolution, and an idea for continuing the revolution generation after generation.

Based on these profound ideas, Mr. Kim Hyong-chik instilled the young leader [orisin suryongnimgge] with a grand ambition to achieve the liberation of the country by all means by inspiring a divided people with a lofty revolutionary intent. He also made noble efforts to raise him [Kim Il-song] into a steadfast revolutionary who would shoulder the destiny of the nation and the [word indistinct] of the revolution.

Mr. Kim frequently moved his struggle base to carry out the arduous revolutionary activities, but he paid great attention and warm care to the growth of the leader [suryong]. Through persistent and diverse revolutionary indoctrination and the actual examples of his revolutionary struggle, he led the leader [suryong] to excellently cultivate extraordinary qualifications, a strong will, and lofty traits as a revolutionary, as an organizer who unites comrades, and as a leader [chidoja] of the revolutionary struggle and the popular masses.

Thanks to Mr. Kim Hyong-chik's deep and attentive revolutionary indoctrination, and due to the extraordinary exploration and energetic struggle of the respected and beloved leader [suryongnim], who was boundlessly faithful to his father's will, the great leader [widaehan suryongnim] eventually embodied extraordinary wisdom in ideology and theory, outstanding leadership, and lofty virtue at his young age, and led the Korean revolution as a leader [yongdoja] who was trusted absolutely by comrades and the people.

Thanks to the lofty will and efforts of Mr. Kim Hyong-chik, who ensured the Korean revolution continued from generation to generation, our nation was able to meet the great leader [widaehan suryong] of the revolution we so desired for the first time in the thousands of years of our history. Our revolution saw an ever-victorious new age in history under the scientific leadership of the leader [suryong].

Mr. Kim Hyong-chik's ideology was the kindling coal of the struggle and the torch light of revolution that opened the eyes of 20 million people, who had a sad destiny without a country, with the hope for and confidence in the nation's resurrection, and it strongly inspired them to the anti-Japanese sacred war [songjon]. While Mr. Kim Hyong-chik awakened and motivated the people of various strata of life with his ideology and inspired them to the anti-Japanese struggle, he also gave great importance to the next generation's education.

Everywhere he went, he opened schools and night schools, and brought up youth and students as reliable fighters of the revolution, possessing a high spirit of national independence and anti-Japanese patriotism. Mr. Kim Hyong-chik's lofty achievements as an outstanding educator and a great teacher of revolution shine gloriously because he brought his family up as enthusiastic patriots and resolute revolutionaries who dedicated their lives to the struggle waged for the country and the people.

The Mangyongdae family, which highly displayed the lofty patriotic spirit in the struggle against the aggression of foreign forces since the first period of our country's modern history, is shedding light as a great revolutionary family that fostered extraordinary revolutionaries from generation to generation and sent them to the fore of the revolution thanks to Mr. Kim Hyong-chik's revolutionary indoctrination and example of devoted struggle.

Thanks to the brilliant revolutionary family, our people now have the honor of being the nation that upholds the sun of chuche respected by the people of the world, enjoying the national honor of having set examples of genuine communist revolutionaries who are renowned in history. The people have the greatest fortune of being blessed with leaders [suryong] from generation to generation.

The great leader Comrade Kim Il-song, who set off on the road of revolution at a young age upholding Mr. Kim Hyong-chik's lofty idea, lighted the direction of the Korean revolution with the brilliant light of the chuche idea, and led the 20-year anti-Japanese revolutionary struggle and the 50-year construction of a new society to the single road of victory. The great leader achieved the historical cause of liberating the fatherland so desired by Mr. Kim Hyong-chik, and established on this land the most superior, popular, masses-centered socialism of our own style, in which the people's freedom and happiness has come to a full blossom.

Our revolutionary cause, which reflects Mr. Kim Hyong-chik's lofty intention and which was brilliantly cultivated by the great leader [widaehan suryong] Comrade Kim Il-song, is today more victorious than ever on a high level thanks to the outstanding and tested leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il, who has imbued the entire society with the chuche idea. The future of our fatherland and people is more brilliant than ever.

Today, many countries in the world face a grave situation in which the previous gains of the revolution have been ruined because they failed to properly resolve the issue of succeeding the revolutionary cause. For a long period spanning a century, our country has been able to purely continue the lifeline of the revolution and persistently advance the cause for sovereignty, independence, and socialism along the single road of victory. This has been possible because our country was based on the ageless foundation of the lofty ideology of Mr. Kim Hyong-chik, who said with a far-seeing intention that the revolution should continue for generation after generation.

The immortal achievements of Mr. Kim Hyong-chik, who opened a bright future for our revolution and firmly continued the revolution from generation to generation, reflect the lofty trait of an enthusiastic patriot and genuine revolutionist. Mr. Kim Hyong-chik possessed the heroic resolve that when one engages in revolution, one could starve to death, be beaten to death, or freeze to death; he overcame adversity and trials and staunchly walked along the road of revolution despite the Japanese imperialists' repeated arrests and atrocious suppression.

He said that even if his body was torn apart and burned to ashes, he would fight to the end against the Japanese imperialist rascals, and that if he collapses after devoting his body to the fight, the next generation would fight on to achieve the independence of the country. His iron will and spirit dynamically pulses in every phrase of his poem "The Green Pine Tree on Mt. Nam." Harassed by rain and wind and buried in snow, the pine tree still invariably shows off its green luster in the new spring. Phrase by phrase, the song lauds the tough spirit of the pine tree. The song reflects his invincible spirit of struggle and faith in certain victory. Today, that spirit is engraved deep in the hearts of our people, and vigorously encourages them to the heroic struggle and feats.

Indeed, Mr. Kim Hyong-chik's three resolutions are an example of a thorough position, attitude, indomitable will to fight, and revolutionary spirit that should be possessed by genuine revolutionaries. The resolutions are the motto of life and struggle that our people should abide by to the end for the final victory of the revolution.

Mr. Kim Hyong-chik gave priority to the revolution rather than to himself, and valued his revolutionary comrades. His life motto was that only those who can die for comrades can win good comrades. He started the revolution by winning comrades, and devoted everything without hesitation for his comrades in the revolution and for the people. He had a lofty personality and sense of obligation, and heartily cherished and loved his comrades and people. He took care of their lives and health by rendering all sorts of considerations and by providing medical activities for the people. He united the popular masses with his great influence and skilled organizing abilities, and inspired them to the revolutionary struggle.

Even the stubborn nationalists and independence movement fighters, who had been hostile to and jealous over each other for a long time, set out on the new road of the revolution following the banner of the proletarian revolution lifted by him. Many people later grew to be communists due to his lofty personality, political wisdom, and generosity.

Mr. Kim Hyong-chik's extraordinary ideology on winning comrades and his lofty traits were completely succeeded by the great leader [widaehan suryongnim]. His ideology has been developed to the highest level, fostering and strengthening our revolutionary ranks into invincible ranks, and uniting all party members and all the people like iron in one ideology and will that is centered around the leader [suryong].

Thanks to the love and trust-oriented politics, as well as the benevolent politics of the great leader [widaehan yongdoja] Comrade Kim Chong-il, the unity and cohesion of our revolutionary ranks has been further solidified into a community bound together by a common fate, achieving the harmonious unity of the leader [suryong], the party, and the masses. All of society has become a large revolutionary family filled with a revolutionary obligation and comradely love.

The Korean revolution began with two handguns handed down by Mr. Kim Hyong-chik. Through the arduous but rewarding struggle, socialist construction has reached a high benchmark. Our country had once lost its luster on the world map, but is now displaying its invincible might as a strong socialist country of independence, self-reliance, and self-defense that no one dares to touch.

Since the first day he began the revolution, Mr. Kim Hyong-chik had a thorough spirit of national independence, anti-Japanese ideology, and patriotism. He passionately fought for the independence of the country and the liberation of the proletarian masses. Unfortunately, after leaving an immortal and valuable legacy of revolution for our people to carry on the cause of anti- imperialism and independence, he passed away too early on a harsh foreign land on 5 June 1926. Losing the great leader [widaehan yongdoja] of the nation, who led 20 million fellow countrymen along the road of the revolution and national independence under the banner of fatherland liberation during the darkest days of the Japanese imperialist rule, was an irrevocable great loss for the Korean national liberation movement and an indelible sorrow for all the people.

Indeed, the entire life of Mr. Kim Hyong-chik, who devoted everything to fight for the liberation of the fatherland and for the freedom and happiness of the people, was a brilliant life that showed our people and later generations how a genuine revolutionist should fight through the great example of actual practice. His life was a lofty revolutionary life that opened a bright future for the fatherland and for the nation.

The brilliant revolutionary activities and lofty struggle achievements of Mr. Kim Hyong-chik have been brilliantly engraved in the history of our people's anti-Japanese revolution, and will be immortal along with the fatherland's history.

Comrades, today our people have inherited Mr. Kim Hyong-chik's lofty ideology and are filled with the blazing resolution that even if the entire world was buried in snow, we will complete our revolutionary cause to the end and will continuously and vigorously walk the thousands of ri's of road of the revolution.

The great leader [widaehan yongdoja] Comrade Kim Chong-il pointed out: We should continuously and indomitably fight on, following the road of the revolution that began on the hills of Mt. Paektu, and should brilliantly complete the chuche revolutionary cause as well as the cause of socialism and communism.

The chuche revolutionary cause pioneered on Mt. Paektu is a sacred struggle to achieve the ultimate victory of the revolutionary ideology of the great leader [widaehan suryong] Comrade Kim Il-song, the chuche idea. In order to complete the Korean nation's utmost cause to the end, all party members and all people should uphold the behest of the fatherly leader and should loyally uphold the great leader [widaehan yongdoja] Comrade Kim Chong-il.

Loyally upholding the great leader [widaehan yongdoja] Comrade Kim Chong-il leads the way to upholding the fatherly leader as the eternal leader [suryong] of our party and revolution for thousands of generations, to the boundless prosperity of our country and our fatherland, and to the ultimate completion of the chuche revolutionary cause.

All party members, working people, and officers and men of the People's Army should cherish in their hearts the great pride and fortune of being blessed with leaders [suryong] for generation after generation; should be boundlessly loyal to the ideology and leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il, who is our destiny and highest head [choego noesu];

and should inherit the spirit of defending the leader [suryong] as displayed by the heroes of the 7th Anti-Japanese Regiment, and defend with our lives the nerve center of the revolution to become genuine loyalists and guns and bullets.

We should bear the iron faith that as long as we have the respected and beloved [kyongaehanun] general, we will surely achieve victory. We should unite and unite [as heard] around the great leader [widaehan yongdoja] Comrade Kim Chong-il; should strengthen the single-hearted unity of our revolutionary ranks in every way; and, with the invincible strength of unity, should more persistently accelerate the revolution and construction.

We are pushing ahead with the chuche-based socialist cause under conditions in which the abusive maneuvers of the imperialists and reactionaries, who are attempting to isolate and crush our socialism and our Republic, are becoming more vicious. As the struggle becomes more difficult and arduous, we should inherit Mr. Kim Hyong-chik's spirit of the three resolutions, his indomitable revolutionary spirit, and his faith in certain victory; should more highly display the spirit of the arduous march and the revolutionary spirit of self-reliance and fortitude; and should vigorously continue the revolutionary march.

All party members, working people, and officers and men of the People's Army should engrave in their hearts the party's lofty intention that we should not live today for today but should live today for tomorrow; should vigorously accelerate the socialist general march and strengthen the three bases for our own style of socialism—the political ideological base, economic base, and military base—as impregnable fortresses; and should thoroughly implement the party's revolutionary economic strategies.

Facing the grave situation created by the enemies' reckless maneuvers to provoke a war, we should heighten our revolutionary alertness more than ever, should intensify the combat preparations and combat strength of the People's Army, should strengthen the all-people party system, and should continue to display the traditional trait of Army-people unity.

Our revolutionary cause began with two revolutionary handguns handed down by the indomitable and unbendable revolutionary fighter Mr. Kim Hyong-chik. Our revolutionary cause was pioneered by the great leader [widaehan suryong] Comrade Kim Il-song, and is vigorously advancing under the outstanding and tested leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il. Our revolutionary cause will certainly achieve victory.

Let us all firmly unite around the great leader [widaehan yongdoja] Comrade Kim Chong-il, and more vigorously fight on to expedite the ultimate victory of the chuche revolutionary cause and the independent reunification of the fatherland while uplifting the sacred red flag of Paektu.

DPRK: U.S. Stages 'Aerial Espionage' Against North

SK0706043196 Pyongyang KCNA in English 0410 GMT 7 Jun 96

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The U.S. imperialists let an "RC-135" strategic reconnaissance plane on June 5 and a "P-3" patrol plane on June 4 fly in the sky above the area along the Military Demarcation Line, Tokjok islet in the Korean West Sea [Yellow Sea] and the Korean East Sea [Sea of Japan] off Samchok to conduct aerial espionage on the strategic indepth, East and West seas and coasts of the northern half of Korea, according to military sources.

On the 4th and 5th, the U.S. imperialists and the South Korean puppets committed more than 790 fighter bombers, pursuit assault planes and assault planes to joint aerial strike exercises for surprise attack on major strategic objects in the northern half of Korea.

And more than 50 fighter planes of the U.S. Air Force and the puppet air force, flying in the sky above the forefront areas of the central and western sectors of the front on June 4 and 5, were frantic in an aerial strike exercise for supporting ground units hell bent on attack operation exercise against the North.

Meanwhile, the South Korean puppets whipped up an atmosphere of confrontation, moving several tanks and armoured cars and scores of military vehicles near the Military Demarcation Line of the western and central sectors of the front.

This fully shows that though the U.S. imperialists and the South Korean puppets talk about peace and security on the Korean peninsula, their attempt to stifle the DPRK by force of arms remains unchanged.

DPRK: NODONG SINMUN Urges Abrogation of U.S.-Japan Security Pact

SK0706091396 Pyongyang KCNA in English 0857 GMT 7 Jun 96

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — NODONG SINMUN today demands that the aggressive "U.S.-Japan Security Pact" be abrogated.

The paper says in a by-lined article:

The United States and Japanese reactionaries are trying to maintain and strengthen the "U.S.-Japan Security Pact," talking about its "validity" though there is no reason for its existence after the collapse of the cold war.

They describe this "pact" as a "basis for peace and prosperity" in the Asia-Pacific region. They intend, however, to use it as a means for aggression and expansion of sphere of influence in this region.

They plan to set up a new military system for collective self-defence on the basis of this "pact" and expand it all over the Asia-Pacific region and, furthermore, worldwide.

This scheme is illustrated by the "U.S.-Japan Joint Declaration on Security" which specifies that policies shall be coordinated for joint action against disputes outside Japan even if they are not harmful to Japan's security and that bilateral military cooperation shall be enhanced on a global scale.

The first target of the "U.S.-Japan Security Pact" is the Democratic People's Republic of Korea.

The bellicose elements of the United States are reinforcing U.S. Forces in Japan and its vicinity and intensifying U.S.-Japan joint military maneuvers on the pretext of "security of Japan." The main units of the Japan "self-defence forces" have been deployed in western Japan face to face with the DPRK and are "in preparedness for emergency action." These military measures are aimed at another Korean war.

The United States and Japan have already worked out a scenario to cope with "a crisis" on the Korean peninsula.

The "U.S.-Japan Security Pact" is a factor jeopardizing independence, sovereignty, peace and security in the Asia-Pacific region including the Korean peninsula.

This aggressive "pact" must be abrogated.

DPRK Paper Decries Japanese Comments on 'Comfort Women' Issue

SK0606121996 Pyongyang KCNA in English 0747 GMT 6 Jun 96

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — In regard to the fact that Japan's history textbooks deal with the "comfort women for the army" issue, Tadashi Itagaki, a member of the House of Councillors of Japan, recently contended that the criminal case of the "comfort women for the army" "is not based on historic facts", and the "SANKEI SHIMBUN" said that there "is no evidence".

Commenting on this, NODONG SINMUN today says that the Japanese reactionaries are trying in vain to refuse the fact that the "comfort women" issue was a crime committed by the Japanese government and the military and that their act is designed to make it fait accompli that the crime is not a state crime and so there is no need to make state compensation, and to represent the crime-woven past.

The news analyst says:

"Apology", "repentance" and "compensation" for the criminal case of the "comfort women for the army" have so far been rung out in Japan, but none of them stems from sincerity.

The Japanese reactionaries would be well advised not to do things which may bring more disgrace to the tarnished image of Japan and destroy confidence in it.

DPRK: KCNA Interviews Japanese Group on Regional Issues

SK0706103596 Pyongyang KCNA in English 0844 GMT 7 Jun 96

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — A delegation of the Nagano Prefectural People's Council supporting the independent and peaceful reunification of Korea in an interview with KCNA in Pyongyang manifested its resolve to widely propagandize realities of the DPRK among the Japanese people so as to make them have a correct understanding of the DPRK.

Head of the delegation Isamu Shimizu, chairman of the council and former member of the House of Representatives, said that the Korean people changed the sorrow at the loss of the great President Kim Il-song into strength and courage and are more firmly rallied around the respected Mr. Kim Chong-il.

"We are deeply moved to see the Korean people dynamically endeavoring for socialist construction under the banner of the chuche idea," said he, and continued:

"The 'U.S.-Japan Joint Declaration on Security' issued in April this year is a product of the cold war style of thinking hostile toward the DPRK.

"We hope for an early normalization of the Japan-Korea diplomatic relations and we will strive for it."

Secretary of the delegation Tatsuo Kanai said that they hope intergovernmental talks between the two countries will be held according to the agreement for resumption of the DPRK-Japan talks adopted in March, 1995.

Japan must apologize to the Korean people for the great suffering and damage imposed on them and the "comfort women for the army" issue and pay state compensation, he noted.

He emphasized that the independent and peaceful reunification of Korea should be realized by confederacy based on one nation, one state, two systems and two governments according to the 10-point program of the great unity of the whole nation at an early date.

DPRK: Pomminnyon Denounces ROK's Sentencing of Members

SK0606120696 Pyongyang KCNA in English 0809 GMT 6 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 [date as received] (KNS-KCNA) — The Japanese headquarters of the National Alliance for the Country's Reunification (Pomminnyon) made public a statement on May 26 denouncing the Kim Yong-sam fascist clique for pronouncing prison terms upon members of the Pomminnyon South side headquarters on charge of the violation of the "National Security Law".

The South Korean authorities are suppressing patriotic reunification champions, unilaterally branding them as "spies" without primary evidence, the statement said, and stressed: This is a heinous crime which should be condemned in the name of the nation.

It strongly demanded that the South Korean authorities abolish the "National Security Law" at once, set free all the pro-reunification patriotic figures unconditionally and guarantee the Pomminnyon's just and righteous patriotic activities for reunification.

DPRK: KCNA Urges End to South's 'Fascist Repression' of Students

SK0706043796 Pyongyang KCNA in English 0416 GMT 7 Jun 96

["Bayoneting of Dictators" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The Kim Yong-sam group on June 5 arrested twelve students on charges of violation of the "National Security Law" for the mere reason that they propagandized North-proposed confederation formula for reunification, a Seoul-based radio reported.

A wholesale roundup campaign against pro-reunification patriots was launched in South Korea, following a recent "meeting of ministries and agencies related to security" at which the Kim Yong-sam group ordered them to "counter the leftist forces actively with an efficient cooperation system."

The arrest of students is an unpardonable crime.

The Kim Yong-sam group intend to block the strong public tendency toward independence, democracy and reunification and prolong the fascist dictatorship through a "new security-oriented rule," but it is a foolish attempt.

Bayonet-backed rule will never be able to prolong the days of the dictators.

If the Kim Yong-sam group do not want to follow in the footsteps of the preceding dictators, who went to their doom while suppressing the pro-reunification democratic forces, they must immediately stop the fascist repression of the patriotic and democratic pro-reunification forces.

DPRK: PRC Fishermen Reportedly Rescued by North Korean Crew

SK0706034596 Pyongyang KCNA in English 0312 GMT 7 Jun 96

["Korean Crewmen Save Chinese Fishermen" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Korean crewmen saved Chinese fishermen on May 28 while friendship between the Korean and Chinese peoples is in full bloom.

The crewmen of the Korean Trade Cargo Ship Kumgang on voyage that day found out the wrecked "Liaozhangyu-9981" belonging to Lianyungang of China on the sea west of Korea and made a desperate salvage operation. The Chinese fishermen drifting on the rough waves were saved by the self-sacrificing efforts of the Korean crewmen.

The beautiful deed of the Korean crewmen who have grown in the bosom of the respected General Kim Chong-il will be conveyed long as a story of the Korea-China friendship.

South Korea

ROK: 'Highest Ranking' DPRK Official Said Defected to ROK

SK0706025396 Seoul KYONGHYANG SINMUN in Korean 7 Jun 96 p 1

[FBIS Translated Text] Choe Chun-tok (59), a deputy director of a directly subordinate department [chiksok-pu] of the Workers Party of Korea [WPK] Central Committee who was also responsible for having concealed the whereabouts of eight members of Kim Chong-il's previous wife Song Hye-rim's family following their request for asylum in Moscow, defected to the ROK amid utmost secrecy on 22 March and has requested asylum.

In Moscow, Choe served both as a secretary and as an adviser responsible for the livelihood and medical treatment of Mrs. Song.

A high-ranking ROK Government official stated, "Mr. Choe, who had suddenly vanished from the diplomatic corps apartments on Pabiloba [as transliterated] Street in Moscow immediately after Mrs. Song had requested asylum, has sought exile." This official went on to explain: "Mr. Choe went directly to one of our embassies in Europe in mid March and requested asylum." It was also revealed that Choe, together with officials urgently dispatched by our government, entered South Korea via a third country.

With the defection of Choe, all members of Mrs. Song's party who were related to her flight from the North and subsequent asylum and who first became known through press reports beginning in mid February have succeeded in gaining asylum in the free world. Although Choe was known to the outside as the first secretary of the North Korean Embassy in Moscow, a ROK government official explained that, in reality, Choe is the deputy director of the directly subordinate department of the WPK's Central Committee.

The WPK's directly subordinate department is a secret department that oversees matters related to not only the personal protection but also all aspects of the livelihood of North Korea's highest ranking circles, including Kim Il-song, Kim Chong-il, and Kim Chong-nam [son of Kim Chong-il].

Choe is also known to be one of the three individuals closest to Kim Chong-il along with Yi Chol, North Korea's ambassador to Switzerland, and Kwon Hyong-nok, a high-ranking cadre of the central party at the department director rank.

Thus Choe is seen as the highest ranking North Korean to have defected to date. A government official pointed out, "Among all defectors, Choe has provided the most intelligence about the highest levels of North Korean leadership." Choe also was responsible for the schoolwork and subsistence of Kim Hyon (age 25), a previously unknown son of Kim Il-song who had resided in the Punokobo [as transliterated] diplomatic corps apartments in Moscow. The government official added that Choe also was active as a representative of North Korea for movie- and arts-related affairs.

Choe is currently under the protection of concerned authorities. It is known that his past activities in Moscow and Pyongyang are currently being investigated.

ROK: Defectors Comment on DPRK Broadcast Media, Research Organs

SK0706090396 Seoul YONHAP in English 0713 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — In North Korea, plagued by an increasing number of crimes due to poverty, habitual thieves, murderers and other violent criminals are executed by Kangaroo courts as instructed by Kim Chong-il.

Such allegation was made by Chang Hae-song, 51, a North Korean scriptwriter who has successfully sought asylum here, at a press conference he gave jointly with another defector, physicist-inventor Chong Kap-yol, 45. The two who arrived in Seoul last week via a third country after fleeing North Korea.

Chang, who wrote radio dramas for North Korea's central broadcasting committee, said Kim Chong-il ordered the Social Safety Ministry (police) to execute murderers and other violent criminals at a public meeting, without taking due judicial procedures, in an attempt to contain the increasing tide of crimes due to poverty.

Public executions were carried out from time to time until late last year when kangaroo court executions were expanded to habitual thieves and robbers.

Last year, four or five criminal suspects were publicly executed in every district of Pyongyang, he said.

In July 1994, three or four central broadcasting committee writers jointly drafted a statement recommending Kim Chong-il for new head of the state and concurrently for new general secretary of the Workers' Party, and the statement has since been revised and revised.

"I think he will formally assume the two offices in June or August, and his delay in assuming the offices is due to the people's poverty-stricken life," he said.

Last August when Kim Chong-il met chairman Chong Ha-chol of the Central Broadcasting Committee, the central broadcasting station put up a placard saying all programs for Kim Chong-il, and programs eulogizing Kim Chong-il have been increasing ever since, while those for his deceased father have been on the decline.

Electronic and printed media employees have been issued identification cards by the Workers' Party, which also supplies necessary materials to the media, and until last January Kim Chong-il had visited the central broadcasting station 118 times for his so-called field guidance "in an effort to have more programs serving his interest aired," Chang said.

"The task of writing manuscripts is assigned to writers and reporters based on Kim Chong-il's monthly publicity directives," Chang disclosed. "Prepared manuscripts are subject to inspection not only by the editor, deputy managing editor and broadcasting committee chairman, but also by the broadcasting committee's inspection department and finally by a staffer from the state's inspection bureau."

Referring to public support of Kim Chong-il, Chang described their grievances by generations. The elderly resent him saying, "Kim Chong-il has bungled everything," people in their 40s and 50s dare not express themselves, though they think "state affairs are a shambles," while young people and those who have been abroad for study grumble "the country is a complete mess because of corruption at the top" or "collapse is not far away."

North Korean authorities, according to Chang, claim that more than 12,000 trees across the country have slogans praising Kim Il-song and Kim Chong-il written on them, allegedly carved during Kim Il-song's anti-Japan struggles.

This is nothing but a fabrication, Chang refuted, reasoning that such trees have allegedly been found even in Mankyongdae hills in Pyongyang and Kangwon Province, where Kim Il-song's guerilla troops had never been.

Chong Kap-yol, head, Echo Acoustics Co., Ministry of Culture and Art, who was also present at the press conference, said, meanwhile, "because the central party headquarters has coerced research institutes to conduct research projects aimed at earning foreign currency since 1990 or so, scientists' morale is extremely low. Research funding has all but dried up due to an aggravated treasury."

Most research results, except those related to manufacturing factories, remain buried without being put into use, according to the scientist.

Chong, who was born in Japan and went to the North at the age of nine with his family, testified about discrimination against North Koreans who came from Japan.

"Until the 1960s Koreans coming from Japan could not even reside in the capital of Pyongyang and could hardly find work at such powerful organizations as the party, administration and armed forces. After their misery was exposed by relatives visiting the North in the 1970s and protests from Chochongnyon, the pro-Pyongyang Federation of Korean Residents in Japan, they were permitted to work at lower echelon administrative agencies and enroll in the military," Chong said.

After relatives in Japan began sending money in the 1980s, some of them have been able to afford a life of luxury, but more than half of them lead a more needy existence than ordinary North Koreans, Chong claimed.

"People who came from Japan are subject to a strict surveillance from the overseas Koreans department at various administrative levels," Chong added.

ROK: Prime Minister Comments on 'Comfort Women'

SK0706060196 Seoul YONHAP in English
0545 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Prime Minister Yi Su-song denounced Friday [7 June] Japan's wartime enslavement of the so-called "comfort women" calling it "representative of past human rights atrocities committed by imperial Japan."

In refuting the recent claim by senior Japanese lawmaker Seisuke Okuno that the comfort women were engaging in "commercial activity," Yi said, "these elderly women are not comfort women, but are victims of violent rape."

Yi was commending the "Home of Sharing" in Kwangju, Kyonggi Province, a refuge accommodating former comfort women who were forced to serve as sex slaves for Japanese soldiers during World War II.

He praised the founders and managers of the home, buddhist priests Hyejin and Cho Yong-cha, saying, "to look after these elderly women who have sustained bitter wounds is to express the most noble spirit of service."

"The government and the general public must expend all of their attention to taking care of them."

ROK: Foreign Ministry Reacts to Japanese 'Comfort Women' Remarks

SK0706075896 Seoul YONHAP in English
0716 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The Foreign Ministry Friday [7 June] expressed deep regret about remarks made Tuesday by Japanese lawmakers claiming that the so-called comfort women provided sexual services as part of a commercial transaction and no coercion was involved.

"We are very sorry about the remarks denying and distorting facts that even the Japanese government officially admitted in August 1993," said a statement released by the Foreign Ministry.

"It is inappropriate for the South Korean government to respond to every absurd remark repeated ultra-rightist

Japanese politician like Okuno and Itagaki who show neither remorse about the past nor are in a position of responsibility (in the Japanese government)," the statement added. [sentence as received]

ROK: U.S. Imports Surpass Japanese Imports

SK0606041196 Seoul THE KOREA TIMES in English 6 Jun 96 p 8

[By staff reporter Sim Chae-yun]

[FBIS Transcribed Text] The United States has emerged as the largest exporter for Korea, outpacing Japan for the first time in 13 years since 1983.

Imports from the United States during the first four months this year reached $10.9 billion, surpassing Japan's $10.1 billion, according to the Korea Foreign Trade Association (KFTA) yesterday.

The U.S.' status as the largest exporter to Korea is expected to continue for the time being, as related data released by the National Customs Office show that during this year's May 1-22 period, imports from the U.S. increased by 12.1 percent, while that from Japan decreased by 13.2 percent from the same period last year.

Japan has been the largest import channel for the nation since 1960 except for 1982 and 1983 although the United States topped the list in this regard before 1965.

The organization cited as the reason sluggish imports from Japan due to a decrease in investments for equipment by Korea since late last year.

Another major factor is that imports from the U.S. have increased continuously in the wake of mounting trade pressure from the nation and Korea's policy for multiplying import channels, according to the organization.

During the last quarter in 1995, imports from Japan increased by 20.4 percent compared to the same period in 1994, while that seen during the first four months of this year dropped by 0.6 percent compared to a year earlier.

In contrast, during the late part of 1995, imports from the United States rose by 35.4 percent from the same period the previous year, while that recorded during the first quarter of this year increased by 19.1 percent.

The KFTA foresaw that the U.S.'s dominating status in this regard will continue in the near future, citing there has been an increasing amount of imports from the nation mainly in the fields of grain, semiconductor, high technology products and automobiles.

In addition, imports from Japan are likely to be sluggish for the time being, a KFTA official said.

The U.S. has employed an aggressive policy in exporting its products, especially in the sectors of grain and automobiles, as well seen in its recent move to apply more pressure for wider opening of the Korean car market, said the official.

In addition, the U.S. has made it its public position to increase the portion of its grain exports by 50 percent of the total export volume until the year 2000, which has special meaning for Korea, which has heavily depended on the imports of major grains like corn and wheat from the nation, said the official.

ROK: ROK, U.S. To Discuss ROK Missile Control Regime Membership

SK0706053696 Seoul YONHAP in English 0455 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — South Korean and U.S. officials will meet here Monday [10 June] to discuss issues related to Seoul's plans to join international regimes that control missile technology and chemical weapons production and the proliferation of other weapons of mass destruction, Foreign Ministry Spokesman So Tae-won said Friday.

"The governments of both countries have been working together closely, bilaterally and multilaterally, in connection with the issue of non-proliferation of missile and other weapons of mass destruction and the upcoming meeting will be part of continuing bilateral negotiations," the spokesman said.

Director-General Yu Myong-hwan of the Foreign Ministry's American Affairs Bureau will represent the South Korean delegation to the two-day talks while Yu's counterpart will be Deputy Assistant Secretary of State Robert Einhorn who is in charge of political and military affairs, So said.

"Our position is that we need to join the Missile Technology Control Regime (MTCR), the Australian Group (AG) and other international nonproliferation regimes for weapons of mass destruction," an official said. AG aims to control production and transfer of chemical weapons and materials for the production of chemical weapons.

"Although the regimes are control regimes in nature, there are some disadvantages without membership at a time when we are becoming a more responsible member of the international community," he said.

South Korea has been meeting the guidelines of the MTCR since October 1995 when the government came up with regulations for the exportion of strategic materials.

South Korea and the United States maintain a memorandum of understanding [MOU] which prevents South Korea from receiving or developing technology for producing missiles with a 180 kilometer range or above.

The MOU runs against the MTCR which guarantees member countries access to technology from other member countries regarding the production of missiles with a range of up to 300 kilometers.

South Korea has long complained that it has limited missile capabilities while the North has long-range missiles with hundreds and perhaps a thousand kilometer range.

ROK: 'Informatization' 12 Percent of U.S. Rate

SK0606045196 Seoul THE KOREA TIMES in English 6 Jun 96 p 8

[FBIS Transcribed Text] Korea's informatization remained at 12 percent of the United States', 18 percent of the European Union's and 27.8 percent of Japan's in 1994, although it recorded the highest yearly average growth at 33 percent in the 1990s.

In particular, Korea chalked up an 85 percent growth in the number of Internet hosts, mobile phones, paging and videotext service subscriptions, which have emerged as high information and telecom services, more than double the 40 percent growth in the United States, 30 percent in Japan and 23 percent in the EU.

However, Korea was far lower than its rival nations of Singapore, Hong Kong and Taiwan in informatization.

According to the White Paper on National Informatization '96 released by the National Computerization Agency yesterday, the United States' figure was 9.5 times that of Korea's in informatization, advanced European Union members nine, Singapore eight, Japan 4.5 times and Taiwan two times in 1990.

The gap narrowed four years later in 1994, with the United States' figure 8.3 times larger than Korea's, EU's 5.5, Singapore's 4.3, Japan's 3.6, and Taiwan's figure a mere 1.1 times larger than Korea's.

The National Informatization Index is calculated by taking the average of the number of facilities, information and telecom service usage, and manpower and investment including the telecom sector.

In information and telecom service usage, Korea's figure equalled 5 percent of the United States', 7 percent of the EU's, 7.7 percent of Singapore's, 30 percent of Japan's, and 40 percent of Taiwan's in 1990. But the gap in the sector narrowed to 10.5 percent of the United States', 25.6 percent of the EU's, 23 percent of Singapore's, 77 percent of Japan's and 91 percent of Taiwan's in 1994. Korea recorded an annual growth rate of 56.5 percent in the sector between 1988 and 1994. In particular, the usage of high information and telecom sectors such as the Internet, mobil phones and paging services grew 85 percent in the 1990s.

In terms of Internet hosts, mobile phone and paging subscriptions, videotext subscriptions, data transmission turnovers, database output and other high information and telecom services, Korea figure was recorded at 3.4 percent of the U.S.' and 4.7 percent of the EU's in 1990, but the gap narrowed to 10 percent and 25.6 percent in 1994, respectively.

In the information superhighway network and information-telecom equipment and devices, Korea's figure accounted for 15.6 percent of the U.S.', 8.7 percent of the EU's, 8.6 percent of Japan's and 20 percent of Singapore's in 1994.

The United States outpowered Korea in manpower and investment in information and telecom by 7.5 times, the EU 6 times, Japan 3.9 times, Singapore 3.3 times and Taiwan 1.9 times in 1990, but the gap was reduced in 1994 when the U.S. figure was 5.2 times larger than Korea's the EU's 4.1 times, Japan's 3.1, Singapore's 2.9, and Taiwan's 1.7 times.

"If the index for 1996 is calculated, Korea's informatization rate is higher as the nation has introduced a variety of high information and telecom services with a large number of entries in new telecom services coming in the latter half of this year," NCA President Yi Chol-su said.

ROK: President Offers Sympathy to Jiang Zemin on Mining Disaster

SK0606135196 Seoul YONHAP in English 1232 GMT 6 Jun 96

[FBIS Transcribed Text] Seoul, June 6 (YONHAP) — President Kim Yong-sam sent a message to Chinese President Jiang Zemin Thursday [6 June] afternoon offering deep condolences over the death or missing of about 220 miners and other people in a large landslide at a gold mine near Yunnan Province.

President Kim said in the message he was extending condolences and consolation also to the bereaved families of those killed in the disaster and was praying that the affected area could be rehabiliated at an early date.

ROK: Officials 'Terrified' by Government Golf Probe 'Rumors'

SK0706014896 (Internet) The Digital Chosun Ilbo WWW in English 1149 GMT 6 Jun 96

[FBIS Transcribed Text] Recently officials have been terrified by rumors that the government is investigating golf courses. Many such rumors have come and gone but this time, because it is an election year and the government is currently investigating the financial sector, officials are taking it seriously enough to cancel golf club memberships or their golfing appointments. A rumor attributed to the Blue House indicates the possibility that once golf courses are examined, further investigation and digging into one's record can be expected. Since the sport is very expensive in Korea, those who play are suspect financially.

Golf courses are also rampant with rumors that police have checked names on golf bags, and license plates in parking lots, therefore contributing to the absence of officials at golf courses these days. The government has denied such rumors, but whether it is true or not, this golf alert will last for some time.

ROK: National Assembly Deadlock, Law on Acting Speaker Viewed

SK0606053596 Seoul THE KOREA HERALD in English 6 Jun 96 p 2

[Unattributed article: "Brouhaha Over Blurry Clause in National Assembly Law"]

[FBIS Transcribed Text] Who should preside over the inaugural session of a new National Assembly before its speaker and vice speakers are elected?

In Korean society respecting seniority, that honor goes to the oldest lawmaker attending the session.

This time-honored rule, stipulated in the National Assembly Law, posed no problem until the 15th National Assembly opened its inaugural session yesterday morning.

Now, rival parties wrangled over the acting speaker's rights, or more specifically whether or not he has the right to call the inaugural session into recess.

The ruling New Korea Party insisted the National Assembly Law gives him no such right while the main opposition National Congress for New Politics and other opposition parties opposed the ruling party's legal interpretation.

The problem is that the law has no clear-cut clause on the issue in point.

The inter-party conflict was closely linked to the current political deadlock triggered by the recruitment of opposition and independent lawmakers by the ruling party, which had failed to retain its majority status in the April general elections.

The ruling party, which won 139 seats in the elections, 11 shy of a majority, has since enticed 12 opposition and independent lawmakers into its fold to put the National Assembly under its control.

The post-election majority buildup angered the opposition, which vowed to block the National Assembly's inaugural session if the ruling party did not accept its demands, including an apology for recruiting opposition and independent lawmakers .

When subsequent negotiations with the ruling party produced no accords, the opposition came up with the novel idea of having the acting National Assembly speaker interrupt the inaugural session.

On an order from his party, the United Liberal Democrats, Kim Ho-nam, 76, declared the inaugural session adjourned until Wednesday next week, when the oldest lawmaker presided over the inaugural session as acting speaker.

The opposition's strategy was to seek concessions from the ruling party during the intervening period.

But the ruling party, which claimed the lawmaker of the United Liberal Democrats overstepped his authority, was moving to replace him with the second oldest lawmaker, Rep. Kim Myong-yun of the New Korea Party, 72.

Behind this brouhaha is a more fundamental problem-whether or not a lawmaker can change party affiliation after his or her election to the National Assembly.

The ruling party insisted lawmakers are free to choose a party while the opposition claimed a change in party membership is illegal because it infringes on the rights of the voters, who it said consider not only candidates but also their parties when they cast their ballots.

But no law contains a clause on the change of party membership by a popularly elected lawmaker. But those elected on proportional representation are deprived of their parliamentary seats when they bolt from their parties.

ROK: Assembly 'Wrangling' Marks Next Round of 'Struggle' For 3 Kims

SK0606130896 Seoul THE KOREA TIMES in English 6 Jun 96 p 2

[FBIS Transcribed Text] All the wrangling over the election of the speaker and vice speakers of the new

National Assembly yesterday is only the beginning of another round of the long, arduous, life-or-death struggle among the three Kims.

If not for the presidential election next year, the messy opening could have been avoided.

However, the disappointing, rather ugly, development was all but anticipated.

Throughout the campaigns for the April 11 elections of Assemblymen, the ruling New Korea Party [NKP] led by President Kim Yong-sam tried to get the message of the need to open a new era across to the electorate.

This meant the end of the era of the three Kims represented by President Kim, Kim Tae-chung of the National Congress for New Politics (NCNP) and Kim Chong-pil of the United Liberal Democrats (ULD).

Without mincing words, President Kim himself said on and off that the two Kims with whom he had long vied for power should give way to the rise of new generation of leaders.

However, this was not what the two Kims wanted to hear. After losing the presidential election to President Kim in 1992, the NCNP leader left politics, publicly announcing his resignation.

But he made a comeback about two years later, taking advantage of President Kim's falling popularity. His comeback was aimed at a fourth bid for the presidency in next year's election.

ULD leader Kim, who is also burning with ambition for power, launched a new party of his own after he was booted out of the NKP by President Kim.

At a time when the two Kims are preparing their run for power, they succeeded in obtaining "dependable" floor strength through the April elections. As next year's presidential election is probably their last chance, there is nothing they will not do to realize their ambitions.

Throughout the campaigns for the April elections, candidates of the two opposition parties hit the chord of public disenchantment with the way President Kim handled state affairs, saying, "Only when the opposition parties control the National Assembly will we be able to bring President Kim before an Assembly hearing."

The two Kims threatened President Kim saying he could end up in the same shoes as his disgraced predecessors, Chon Tu-hwan and No Tae-u.

Because of President Kim's character, such "insulting and threatening" remarks would not go unanswered, which is why the ruling camp is going the extra mile to "subdue" the two Kims at the onset of the new National Assembly instead of regarding them as dialogue partners.

In his meeting with the two Kims soon after the April elections, President Kim bluntly informed them of his intention to recruit independent lawmakers-elect to forge a floor majority. In the April elections, the ruling NKP won 139 seats, 11 seats short of a simple majority in the 299-seat unicameral House. The NCNP won 79 seats and the ULD 50 seats.

All this undesirable political maneuvering boils down to a strong rivalry among the three septuagenarian Kims, who have been at the center of the nation's political stage for the past three decades.

The two Kims hold a grudge against President Kim for setting the new to push them overboard. [sentence as published]

Still, President Kim has to answer for the undesirable development because it can be attributed to his "recruitment" efforts.

Of course, it is not illegal for the NKP to lure lawmakers into its fold. Notwithstanding, it is not ethnical. President Kim has on and off stressed ethics in politics.

The two Kims have reason for being upset at the NKP's forging a legislative majority. Still it is not desirable to make a mess of the Assembly at the onset of its four-year run.

But the development now taking place before the eyes of the people stuns them as it comes from people who they regard as the nation's elder politicians.

As the presidential election is just about one and a half years away, their naked rivalry connected with power is getting the better of everything in the twilight of their life. President Kim and NCNP leader Kim have their place in history as fighters for democracy. ULD leader Kim will also go down in history as one of the architects of the nation's economic development.

But these images could be tarnished if the new National Assembly is left to drift skipperless.

ROK: Opposition Blocks NKP From Entering Assembly Chamber

SK0706105796 Seoul YONHAP in English 1033 GMT 7 Jun 96

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The ruling New Korea Party [NKP] sought to select the speaker and vice speakers of the 15th National Assembly in a special sitting Friday [7 June] afternoon, but the assembly failed to meet due to the opposition parties' obstructive maneuver.

The National Congress for New Politics (NCNP), joined by the fellow opposition United Liberal Democrats (ULD) solons, physically blocked key assembly officials from entering the chamber or taking the rostrum.

The opposition didn't allow acting speaker Kim Ho-nam of ULD from attending the session and when NKP tried to have Rep. Kim Myong-yun, the second oldest solon of NKP after Kim Ho-nam, take the rostrum, opposition solons prevented him from walking toward the rostrum from his chamber seat, either. [sentence as received]

By law, the eldest lawmaker presides over the inaugural session of a new National Assembly until a new speaker and vice speakers are selected.

In the course, abusive languages were exchanged between ruling and opposition legislators, but it did not lead to any physical clash.

Three more attempts were made by NKP solons to escort Kim Myong- yun toward the rostrum, which all failed in the face of tight human fences formed by determined opposition lawmakers.

After the failure of the fourth-round attempt, NKP floor leader So Chong-won told his NKP solons at 6:05 PM to disperse, saying no session could take place on the day due to opposition's obstruction.

So said his party would try to convene an assembly session at 10 AM Saturday.

NCNP floor leader Pak Sang-chon said he believes in the NKP floor leader's remarks and urged opposition legislators to return home and come back at 9 AM Saturday.

ROK: Economists Try To Dispel Four Economic Myths Held by Public

SK0606053796 Seoul THE KOREA TIMES in English 6 Jun 96 p 9

[FBIS Transcribed Text] With the widening of the trade deficit and the prevailing high interest rates, economists have began to take issue with misconceptions the general public and government officials have about macroeconomic policy tools.

In a country where the economic growth rate averaged 8 percent for the past three decades, there exists misguided myths about trade deficits, consumers' welfare, high interest rates, exchange rates, capital inflows and foreign direct investment.

The first misconception many Koreans have is currency depreciation is good and a strong currency is bad, according to Sim Sang-sam, senior counselor to Deputy Premier and Finance-Economy Minister Na Ung-pae. The misunderstanding originates from the nation's outward-oriented economic development strategy, he and many other economists said. A weak currency is good, at least temporarily, for boosting exports, reducing imports and thus trimming the trade deficit. However, it fans inflation, makes overseas travel expensive and erodes consumers' welfare, they stated. But they said the time has come for the general public to have a more knowledgeable view about the exchange rate. A weak currency is not a permanent and long-term solution to ensuring the nation's macroeconomic stability, they said. A weak currency is followed by a strong currency in accordance with the economic situation. And any attempt to keep the exchange rate below or above its equilibrium rate poses a serious challenge to Seoul's macroeconomic stability, according to a paper by the Organization for Economic Cooperation and Development.

The second myth is that exports are always good and imports are always bad and luxurious. Exports exceeding imports will lead to a permanent trade surplus. But when much of the imports are raw materials and hi-tech equipment, a temporary trade deficit is not a serious concern, according to Cha Tong-se, president of the Korea Development Institute. By importing hi-tech machinery and raw materials, Korea can sharpen its international competitive edge, he stated. Even imports of consumer goods are not always bad, he said, because cheap and quality foreign brands will increase the welfare of Korean consumers, who had to buy uncompetitive Korean products at artificially high prices. A competition of foreign and Korean consumer goods in the home market, Cha noted, will ultimately lead to Korean manufacturers upgrading the quality of their products.

The third myth is the argument that capital inflow is always bad and capital outflow is good. The OECD and many Western countries advise Korea to remove controls on capital inflows, which will reduce the wide gap in interest rates between home and abroad. However, Korean policymakers said until the wide interest rate gap is narrowed, it will continue to control capital inflow. It is a question of "cart-before-the horse or horse-before-cart" argument, a Western banker here said.

Government officials often described foreign capital as "hot money" that may surge out of the country at any time. But this argument has proven to be wrong at least so far since the opening of the stock market to foreigners. According to a Korea Stock Exchange official, foreigners are more long term-oriented than Koreans in stock investment.

The fourth misconception is that all policies must be geared toward promoting the interest of producers even at the sacrifice of consumers' welfare, to boost exports and keep the economy growing.

However, due to the government's heavy protection of producers, they have lost competitiveness in international markets. Docile Korean consumers began to raise their voices against this policy, saying the ultimate objective of economic policy is to upgrade their welfare, not to fatten the pockets of business tycoons.

Another misconception is the expectation that Korea can catch three rabbits — high economic growth, low inflation and trade surplus — simultaneously. KDI [Korea Development Institute] economist Cha Sung-hui said no country in the world is able go realize the three conflicting economic objectives.

He stated if Korea wants high growth and low inflation, it must tolerate a deficit in the current account as long as it is manageable.

ROK: Corrected Version of Article on U.S. State Department's DPRK Staff

SK0606235396 Seoul KYONGHYANG SINMUN in Korean 6 Jun 96 p 4

[Corrected version of article by reporter Yi Pyong-kwang published in the 6 June EAST ASIA DAILY REPORT on p 54, entitled "ROK Daily Views Reshuffle of U.S. State Department's DPRK Staff"; rewording and correcting name in antepenultimate paragraph]

[FBIS Translated Text] In July, there will be a major reshuffle of U.S. State Department officials charged with Korean affairs.

So far, the lineup of officials in the U.S. State Department who handle affairs on the Korean peninsula has been the assistant secretary of state for East Asia and Pacific Affairs, the deputy assistant secretary of state for East Asia and Pacific Affairs, the Korean Section, and the Political Section of the U.S. Embassy in the ROK.

Of these staffers, only Assistant Secretary of State Winston Lord and Ambassador Laney will remain in their present posts; the deputy assistant secretary, officials of the Korean Section, and officials of the Political Section of the U.S. Embassy will be replaced beginning in early July.

Thomas Hubbard, deputy assistant secretary of state for East Asia and Pacific Affairs, who was deeply involved in affairs on the Korean peninsula while assisting Assistant Secretary Lord, is soon expected to assume the post as U.S. ambassador to the Philippines.

Deputy Assistant Secretary Hubbard was deeply involved in the process of North Korean-U.S. nuclear negotiations and helped bring about the Geneva Framework Agreement in 1994, assisting Ambassador-at-Large Gallucci who was charged with nuclear affairs. Last year, he held semi-high level talks with North Korean Vice Foreign Minister Kim Kye-kwan in Kuala Lumpur.

Deputy Assistant Secretary Hubbard's present position is expected to be filled by Charles Kartman, deputy chief of mission at the U.S. Embassy in the ROK who was once the chief of the Korean Section of the State Department and is well versed in Korean affairs.

Kartman's present position is expected to be filled by Richard Christenson, deputy chief of the Korean Section.

In view of the position of deputy chief of mission at the U.S. embassy in the ROK, deputy chief of section Christenson's promotion is assessed to be extraordinary as he is jumping ahead two stages.

Because his wife is of Korean nationality, Christenson is fluent in Korean and reportedly has a deep understanding of the Korean sentiment; this may have been taken into account.

David Brown, chief of the Korean Section who was charged with Korean issues under Deputy Assistant Secretary Hubbard, will conclude his career as a public official with his retirement.

Brown was the counterpart to Han Song-yol, minister of the North Korean mission to the UN, and was responsible for maintaining the New York channel between North Korea and the United States. Mark Minton, counselor in charge of political affairs at the U.S. Embassy in the ROK, is expected to replace Brown.

Eric John, the first secretary who assisted Counselor Minton, will return to Washington along with Minton; he is charged with North Korean affairs at the State Department.

Former secretary Whitlock, who has been undergoing training after serving as first secretary in Korea, is expected to be promoted to replace Counselor Minton.

A Foreign Ministry official said: "It seems the personnel reshuffle took into consideration expertise in issues on the Korean peninsula." The official added: "The U.S. State Department seems to be attaching greater importance to experience in the ROK."

ROK Government officials are closely watching how the personnel reshuffle of the U.S. State Department will affect U.S. policy toward the Korean peninsula.

Burma

Burma: Suu Kyi Supports Boycott of Foreign Investors' Products

BK0606065696 Melbourne Radio Australia in English 0500 GMT 6 Jun 96

[FBIS Transcribed Text] Burma's prodemocracy leader, Aung San Suu Kyi, has lent her support to a boycott of products made by foreign firms investing in Burma. In an interview published in Japan's YOMIURI newspaper, Ms. Suu Kyi said the boycott would be proof that the international community understood that foreign investment only benefited a handful of Burmese.

She has on similar occasions supported consumer boycotts of foreign companies doing business in Burma but has not gone so far as to appeal to consumers to shun the products of such firms. She also advised foreign firms to refrain from investing in Burma, as on business grounds alone no sustainable growth could be expected under Burma's military government.

Meanwhile, she says her National League for Democracy will draw up an alternative constitution to one currently being drafted by Burma's military rulers. Ms. Suu Kyi says her group's version of the document will stipulate that parliament is Burma's highest decisionmaking body and all lawmakers must be elected by voters.

Burma: NLD Source Claims Aung San Suu Kyi To Continue Meetings

BK0606125396 Hong Kong AFP in English 1249 GMT 6 Jun 96

[FBIS Transcribed Text] RANGOON, June 6 (AFP) — Burma's military junta has banned opposition leader Aung San Suu Kyi from holding her popular weekend meetings outside her home and has threatened to shut her party down, opposition sources said Thursday.

Aung San Suu Kyi will be banned from holding the twice-weekly meetings, but has vowed to carry on with her addresses which have attracted record crowds in the past few weeks, the source from her National League for Democracy [NLD] said.

"She has said she will go on with her regular meetings as usual," he said.

No reason has been given for the ban, which has not yet been announced or confirmed by the government, but analysts say that the military authorities have become uneasy with the growing crowds showing up outside her home.

Another NLD source said that party chairman Aung Shwe had been taken before intelligence officials and told that the party would be shut down if it went ahead with plans to write a new constitution.

Some 15,000 people rallied outside Aung San Suu Kyi's lakeside compound on May 25 and 26 after she announced that her National League for Democracy would ignore a government crackdown and hold regular party meetings.

The junta detained 262 NLD activists in a sweep ahead of a meeting on May 26 to mark the sixth anniversary of the NLD's resounding victory in 1990 elections which were not honored by the military authorities.

Burma: Article Views Junta's Approach to Suu Kyi

BK0706062196 Bangkok THE NATION in English 7 Jun 96 p A8

[Article by Aung Zaw: "Reading Between the Vitrio"]

[FBIS Transcribed Text] Lt. Gen. Khin Nyunt has long been considered a moderating force among the top military leadership in Burma. According to many Burmese and non-Burmese who have met him, he is bright, polite and charming. Opposition leader Aung San Suu Kyi is among those who have complimented his manner.

But in recent months, analysts in and outside of Burma have noted that the general seems to becoming more uncompromising.

On Saturday, the military intelligence chief assailed democracy activists as "stooges of imperialists" and urged Burmese to crush "external and internal destructionists". His speech came shortly after Suu Kyi held her party's first congress.

But will the people of Burma listen to Khin Nyunt?

Suu Kyi said she and her party members are determined to draft a constitution and continue their struggle for a multiparty democracy despite a warning from the junta that the party will be banned if it does.

Lt. Gen. Khin Nyunt, once known in the international press as Burma's "prince of evil", said in his speech that the tatmadaw (armed forces) will never give up power. It was his strongest and most clear-cut statement to date. Echoing Khin Nyunt's words, the state-owned press said that anyone thinking the armed forces would surrender power "must be an idiot".

Residents in Rangoon who are sympathetic to the prodemocracy cause said public outrage over Khin Nyunt's speech ran deep. "He only makes more enemies," one said.

Khin Nyunt has a history of wavering on the issue of democracy in Burma. After the 1990 general elections, which were won by Suu Kyi's National League for Democracy [NLD], he repeatedly promised to hand over power to the elected representatives. He was also the one who permitted a U.S. congressman and a famous Burmese monk to see Suu Kyi when she was under house detention.

Nonetheless, within the junta itself, there could be some conflict about how to handle the country's resurgent democracy movement.

Evidently, Khin Nyunt's recent vigorous speeches are not in line with Senior Gen. Than Shwe, chairman of the ruling junta, officially known as the State Law and Order Restoration Council or SLORC.

In a speech in April, Than Shwe stated that the military did not crave power or seek to control the state on a permanent basis. He stressed: "The military should not hold on to state power forever." But he did not say when it might hand power over. The two speeches given by the two top generals seem to suggest the junta leaders are divided over whether and when they should give up power. If they do want to surrender some power, the question is, to who should it be given? Presumably, Suu Kyi is not their choice.

"As Suu Kyi pushes for more conferences, gatherings and meetings the SLORC will have to decide whether to reopen a dialogue with her," a well-placed source in Rangoon observed.

But the junta's immediate reaction seems to be to put off the question for the immediate future. The military regime, it was reported yesterday, has prohibited Suu Kyi from holding any more weekend meetings with crowds outside her home.

Sources, speaking on condition of anonymity, said that authorities contacted NLD chairman Aung Shwe earlier this week and said the meetings would be banned beginning tomorrow.

Still, the junta cannot ignore Suu Kyi's popularity.

"Seeing is believing and the leaders were evidently surprised to see thousands of people turn up to support Suu Kyi and her party despite the crackdown in recent weeks," said the Rangoon resident.

A businessman in Mandalay said, residents in the northern city held several clandestine meetings recently to decide whether to take political action. "They are very excited" he said. But the junta is unlikely to roll over and give in. According to analysts in Rangoon and Bangkok, the military intelligence chief is counting on ASEAN countries as he understands the regional grouping is not going to rally around Suu Kyi or her party. The SLORC leader knows his regime has weighty backing.

"It is not inside the country but outside. Japan and ASEAN are Khin Nyunt's allies as they have stuck to the constructive engagement policy," said one analyst.

Khin Nyunt recent tough line has also been interpreted as mere posturing by the intelligence chief whose rise to influence has not followed the traditional army path. Most previous military intelligence chiefs have found their days in power short-lived and securing his own position has always been a top priority for Khin Nyunt.

The security chief, who is close to strongman Gen. Ne Win became the most prominent general after the military took power in 1988.

Initially, it was widely believed that Khin Nyunt and the senior army leaders were at loggerheads. However, after seven years in power, Khin Nyunt, appears to have removed most of his foes in the army.

As recent minor reshuffle also indicates that he is expanding his power base among the SLORC cabinet. Khin Nyunt also has one clear advantage over most of the top members of the SLORC, his age. Most of the top generals are scheduled to retire as they are now in their sixties but Khin Nyunt is just over 50.

"I believe he will become number one in the future," says one senior Kachin leader who had met Khin Nyunt a few years back.

But before becoming a "number one" in the country, Khin Nyunt still needs to do a lot of homework.

One is to win the trust and love of his countrymen. Most pro-democracy activists and students dislike him as it was widely believed that during the mass uprising in 1988 Khin Nyunt ordered his intelligence units to create an atmosphere of anarchy in order to pave the way for the military to take over.

But since 1994 when he shook hands with Suu Kyi, Khin Nyunt has garnered more support at home and abroad. At that time, some suggested Khin Nyunt would eventually become Burma's de Klerk. But so far he has done little to reinforce such thinking.

"There is no doubt he (Khin Nyunt) is powerful general but he alone cannot make decisions," said a Western diplomat in Bangkok. She said SLORC's current practice appears to be a collective leadership system.

"If he begins to negotiate with the Suu Kyi-led opposition Khin Nyunt will become a brave man overnight but it could also be his demise," the diplomat said, suggesting that there are many generals and army officers who want to see the fall of Suu Kyi and the democracy movement.

In 1994 and 1995 after two highly-publicised meetings with the Nobel Peace-Laureate Khin Nyunt said, "Our meeting with Daw Aung San Suu Kyi was based on....our good will and good feelings....

"We are like brothers and sisters. We discussed things as though we were in a family reunion," he said, adding that the meeting was good for the country.

"Rangoon politics is strange," commented another Western diplomat. He said that although the SLORC refused to talk with Suu Kyi no one should be surprised if they shake hands with her the next day.

Things in Rangoon, he said, are never predictable.

As if to support that line of thinking, a senior SLORC leader, Lt. Gen. Kyaw Ba, said on Tuesday that talks with Suu Kyi were possible if she stops criticising the military. At the same time the SLORC press stepped up its attacks on Suu Kyi. Indeed the mixed signals suggest more disagreement among the generals.

U.S. congressman Bill Richardson who met Suu Kyi when she was under house arrest once said: "I think the future of Burma will be determined by two people: Khin Nyunt and Aung San Suu Kyi."

If that is to be true, "the brother" may have no choice but to listen to his "sister". They may meet in the future but for now they are certainly not speaking the same language.

Burma: Pro-SLORC Rallies Held in Loikaw, Taunggyi

BK0606050296 Rangoon TV Myanmar Network in Burmese 1330 GMT 5 Jun 96

[FBIS Summary] A mass rally attended by more than 40,000 people from four townships in Loikaw District in Kayah State was held at Gandarawadi Sports Grounds in Loikaw on 2 June. The rally was held to express support for the national development efforts of the State Law and Order Restoration Council, SLORC, and to denounce acts of "destructionists."

Addressing the rally, Dr. Win Shein, Kayah State health department director and presiding chairman of the rally, explained that the SLORC has been systematically implementing national development projects in accord with "the 12 national objectives — four political, four economic, and four social objectives." He explained that the "national reconsolidation situation has reached new heights unknown in any previous era." He said "foreign-influenced race-destroying destructionists who are envious of the current developments and stability in the country are trying to create disturbances, instability, and retard economic growth." He called on the people to jointly annihilate these destructive elements and express support for SLORC's national construction endeavors. The rally ended with the shouting of slogans following the "unanimous endorsement" of motions denouncing "destructionists" and supporting the SLORC's national construction endeavors tabled by speakers at the rally.

A similar rally attended by more than 30,000 people was also held in Taunggyi on 1 June.

Burma: Pro-SLORC Rallies Held in Akyab, Kawthaung

BK0606155896 Rangoon TV Myanmar Network in Burmese 1330 GMT 6 Jun 96

[FBIS Summary] A mass rally, which was attended by more than 30,000 people, was held at Danyawadi Sports Grounds in Akyab in Arakan State on 3 June. The rally was held to express support for national development efforts of the State Law and Order Restoration Council, SLORC, and to denounce acts of "destructionists."

Addressing the rally, Dr. Chit Ko Tin, a pediatrician from Akyab state general hospital and presiding chairman of the rally, elaborated on the SLORC's socioeconomic achievements and urged the people to show their "gratitude." He said the SLORC's greatest accomplishment was achieving national reconsolidation. He said "a certain organization has strong political pride to oppose whatever the government does." He remarked that "we greatly denounce the destructionists' acts as they are hindering the peace and development, which we all desire." He finally called on the people to express support for SLORC's national construction endeavors and "to annihilate all destructive elements and their acts." The rally ended with the shouting of slogans following the "unanimous endorsement" of motions denouncing "destructionists" and supporting the SLORC's national construction endeavors tabled by speakers at the rally.

A similar rally attended by more than 22,700 people was also held in Kawthaung on 2 June.

Burma: 'Military Junta' Bans Aung San Suu Kyi's Weekend Meetings

BK0606122996 Hong Kong AFP in English 1227 GMT 6 Jun 96

[FBIS Transcribed Text] RANGOON, June 6 (AFP) — Burma's military junta has banned opposition leader Aung San Suu Kyi from holding the weekend meetings outside her home which have drawn record crowds in recent weeks, an opposition source said Thursday.

No reason was given for the government's ban on the twice-weekly meetings, but analysts say that the junta has grown increasingly uneasy with the growing crowds showing up outside the charismatic opposition leader's gate.

Burma: Article Ridicules Suu Kyi Comments on Pagoda Repairs

BK0606141896 Rangoon KYEMON in Burmese 5 Jun 96 p 5

[Article by Koyin Yechan: "I Have To Ask What Needed To Be Asked"]

[FBIS Translated Excerpt] I read an article by Nan Myint Maung entitled "Toward longevity and good health" from the May 29 issue of the newspapers. The doubts seem to have cleared after I read it.

I have to first admit that I have a certain weakness. It is not hereditary. I believe in fabrications made by a person with good showmanship easily. Although it is easy to change one's outlook, a forgetful person like me, who is easily misled and persuaded, has not tried it.

I did not think that the renovation of Shwedagon Pagoda walkways were interesting. However, when a housewife from a Burmese-English family, who have never eaten sour bamboo shoot curry [a traditional Burmese dish] though she is over 40 years old, criticized the walkway repairs more than three times, I became interested.

Although I say I am interested, I have never seen the walkways after the repairs. I had planned to go during festival but I could not. My work always restrains my thoughts and I haven't picked up a passenger going that way.

However, I always have weekend evening roundtable talks with a regular passenger of my taxi. The comments about the Shwedagon Pagoda walkway renovation I heard from that discussion, which I regularly visit unless my taxi broke down, lingered in my ears.

It is not strange for a guy like me to believe the Oxford-educated lady, whom I hold in high esteem, when she said it was destroying a cultural heritage; that it was not right to repair in the Buddhist belief, and that tourists wanted to see it as it is.

However, when I unexpectedly came across the article in the newspaper and learnt about the facts, I blamed myself first. I then found out that responsible personnel were not doing the repairs whimsically.

The reason: Shwedagon Pagoda is a very sacred shrine for the Myanmar [Burmese] Buddhists and religious buildings within its premises are slowly deteriorating. The renovation and restoration was carried out after careful consultations with 11 senior abbots of Shwedagon Pagoda. Antiques were properly differentiated before renovating the southern walkway. As the walkway was built compartment by compartment by separate donors, they did not conform in structure and design with one another. Also, three separate resting areas along the walkway and some parts of their roofs were also caving in. Some cultural artifacts exposed to the elements were also decaying.

These antiques were systematically documented by tables and photographs and handed to the pagoda trustees. Amongst them were photographs of angels, lions, and other sculptures with faces of aliens that were not in compliance with Myanmar culture. They were rejected and replaced with appropriate sculptures. [passage omitted]

After learning about the abbots' advice, my mind started to wonder. I was determined to ask whether that educated lady, who boasted about being a Buddhist and cherishing the country's tradition and culture, really knew all those facts? Or was she feeling unhappy about the replacement of the alien-faced figures? Or was it sheer cynical criticism?

The problem is that it is not easy to ask her directly. I think it will be easier if I were a foreigner. If I write a letter, she will not answer it publicly. I finally decided to ask her through one of my regular customers who used to go to her weekly forums. I am not sure whether that person will ask her or not, but one thing is certain, I am definitely losing a regular customer.

Whatever it may be, I have to ask what needed to be asked.

Burma: Nation Urged To 'Crush Elements Instigating Disturbances'

BK0706091096 Rangoon THE NEW LIGHT OF MYANMAR in English 7 Jun 96 p 6

[Editorial: National Interest Comes First"]

[FBIS Transcribed Text] National interest comes first, national interest comes second, and third, and ever at the top of the list where patriotic sentiments give rise to noble actions.

At the rallies held in the past week all over the nation, the masses gathered to applaud the good work the peoples, the Government and the Tatmadaw [Defense Services] have done and continue to do and denounce the wily schemes of a handful trying to oppose all that the Government is doing at the bidding of their cohorts outside the country.

It takes just a bit of common sense to see through what the subversives have been up to, the more so despicable because their acts are dictated by neocolonialists who are trying to jeopardise stability that has been achieved.

The strength of the nation lies within. Only with a strong Tatmadaw will the nation be strong. The Tatmadaw never betrays the national cause. All internal and external destructive elements are the people's common enemy. These points are very well understood by the vast majority of this great Union's citizens.

The masses in Yangon [Rangoon], Mandalay, Hmawbi took out processions and headed for the venues for mass rallies to applaud the good work and denounce the dirty tricks of the handful of people who are striving to subvert, bring shame to the nation.

Entire nation must resolutely crush elements instigating disturbances and undermining stability of the State.

People must crush power-crazy destructionists with national vigilance to prevent recurrence of 1988 disturbances.

People born and brought up in this land wish to see continued progress allround.

Such headlines in the dailies summarise the sentiment of the masses attending the rallies.

Political, economic and social changes and improvements in infrastructure never before known have been brought about in the time of the State Law and Order Restoration Council or the Tatmadaw Government.

Against this background, opposition are making a lot of noise which appears to be but a whimper compared to the thunderclap-like tumultuous endorsement.

Endorsement means endorsement of the good work they themselves have participated in doing together with the Government and the Tatmadaw.

At the mass rallies held at the various venues, the voice of reason drowns out whimpers of the handful for the overwhelming majority must be taken into consideration as doing the endorsement.

With pride and indignation, they keep saying the national interest comes first, not personal interest or group interest.

It must here again be repeated that no one can deny the correctness of Our Three Main National Causes [non-disintegration of the union, non-disintegration of national solidarity, and perpetuation of national sovereignty], for doing so would amount to turning against the people.

National interest comes first. Always.

Burma: Editorial Terms Confrontation 'Very Disastrous Game'

BK0606114996 Rangoon THE NEW LIGHT OF MYANMAR in English 6 Jun 96 p 6

[Editorial: "Heed the Voice of Reason"]

[FBIS Transcribed Text] For days and days in succession, the masses of different parts of the country have been unanimously endorsing the good work that has been done by the people, the Government, and the Tatmadaw [Defense Services] together in about half a decade which has been much more significant than what was achieved in such a short period ever before.

Those rallying to support such good work found it fit also to denounce subversive elements who had been scheming in collusion with alien cohorts, trying to destabilize the situation, drive the kind of wedge that would mar unity and amity, all too clearly seen as reminiscent of the anarchistic acts or their prelude in 1988.

Minions of neocolonialists pushing toward loss of sovereignty and independence by provoking disturbances, glared the banner headline describing the vehement denouncement of such elements that reverberated throughout the Union. Thus did the 61,000-strong mass rally raised its voice in Lashio the other day.

Over 40,000 gathered in the Kantarawaddy Sports Ground in Loikaw yesterday. In one voice and in one mind, they endorsed: Progress made in nation-building projects at present many times greater than in the periods when the country received foreign assistance.

The chairman of the rally spoke of unprecedented success that is a tangible result of joint endeavours. Favourable conditions are being created for the emergence of a new State Constitution, the forerunner of political pluralism and democratic reforms, and the goad times that lie ahead.

His assessment also included the wily schemes of traitorous destructionists relying on their cohorts abroad, dancing to that distant tune, hindering progress.

Government lays peace path for all to tread, destructionists create terrorism, confrontation relying on outside powers, was the assessment gleaned from the Taunggyi rally yesterday attended by over 30,000 people.

With Our Three Main National Causes and 12 Objectives forming the policy guidelines we have been implementing, the path for true democracy is being laid.

It is apparent and abundantly clear that the subversives and agents saboteur within this nation and their cohorts abroad who are giving the timing and orchestrating treacherous acts are pushing the nation again toward replay of the 1988 chaos and disaster.

The masses have bean congregating and making their voices heard loud and clear for the subversives and those interfering in our internal affairs that tragedy would befall the nation if they do not stop their dangerous acts.

Confrontation is a very disastrous game which can only be counter-productive. The vast majority of us cannot allow what happened in 1988 to happen ever again.

The true Myanmar [Burmese] character is against such violence, such negation. Once is enough. Subversives must heed the voice of reason — the voice of the mammoth rallies. This is the voice of the motherland.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Thai Prime Minister Speaks at Joint Authority Office

BK0706034796 (Internet) Thai Ministry of Foreign Affairs WWW in English 29 May 96

["Unofficial translation" of remarks by Thai Prime Minister Banhan Sinlapa-acha at the Malaysia-Thailand Joint Authority in Kuala Lumpur on 29 May]

[FBIS Transcribed Text] Your Excellency Tengku Tan Sri Datuk Sri Ahmad Rithaudden, Malaysian Co-Chairman of the Malaysia-Thailand Joint Authority [MTJA], Excellencies, Distinguished Directors and Staff of the MTJA, Ladies and Gentlemen,

It is indeed a great pleasure for me to visit the Office of the Malaysia-Thailand Joint Authority or MTJA today.

As I was preparing for my official visit to Malaysia, I informed the Royal Thai Embassy here in Kuala Lumpur that I wished to visit this office because the MTJA is the first such organisation in the world established by two countries to jointly conduct explorations for natural resources in an area when the continental shelves claimed by both countries overlapped. The success of this co-operative endeavour is evident from the fact that natural gas from our Joint Development Area will come on-stream in January 1999, to the mutual benefit of both Thailand and Malaysia.

Seventeen years ago, on the 20th February 1979 to be exact, it may be recalled that His Excellency Tun Hussein On and His Excellency Tengku Tan Sri Datuk Sri Ahmad Rithaudden, the then Prime Minister and Minister of Foreign Affairs of Malaysia, respectively, were granted an audience with His Majesty this King of Thailand at Pu Ping Palace, Chiang Mai Province. Then on the 21st February the following day, His Excellency Tun Hussein On and His Excellency General Kriangsak Chomanan, the Prime Minister of Thailand at that time, together made history by transforming a region of potential dispute into a joint development area. This historic event was made possible because of the far-sighted visions of our leaders, which reflected an old saying in both our countries — that is, people should work closely and harmoniously as one like "brothers drinking from the same well".

Today, I am very pleased to learn more about the work of the MTJA as well as to observe first hand officials from both Thailand and Malaysia working side by side so effectively and efficiently. I am also pleased to see His Excellency Tengku Tan Sri Datuk Sri Ahmad Rithaudden return in his present capacity as the Malaysian Co-Chairman of the MTJA, thus helping oversee the MTJA, an organisation which he himself helped established and which only took four years and eight months to find natural gas in the Joint Development Area — an accomplishment which we should all be proud of.

The Royal Thai Government and the Government of Malaysia have successfully shown the world that the MTJA was created through the co-operation of two countries in the region, reflecting the spirit of co-operation between two neighbouring countries and the spirit of solidarity of the ASEAN countries. Indeed, the MTJA is a co-operative organisation which is well structured with organised procedures and provides a good example of how countries in Asia should resolve problems confronting them through peaceful means.

I am pleased therefore to inform His Excellency Tengku Tan Sri Datuk Sri Ahmad Rithaudden as well as all the directors and management of the MTJA that I am very satisfied with the work of the MTJA, as the Chief Executive Officer has so kindly briefed us. I am also very pleased that tomorrow His Excellency Prime Minister Datuk Sri Dr. Mahathir bin Mohamed and I will together witness the signing ceremony of two Memoranda of Understanding on the sale and purchase of natural gas from the joint development area, which represents the final step before petroleum can be produced.

Lastly, I wish to congratulate all the officials and staff of the MTJA for their hard work and tireless effort in ensuring the success of the MTJA, thus fulfilling all the hope and aspirations of both our countries and peoples.

Thank you.

Malaysia: Text of Thai Prime Minister's Banquet Address

BK0706034496 (Internet) Thai Ministry of Foreign Affairs WWW in English 29 May 96

["Unofficial translation" of an address by Thai Prime Minister Banhan Sinlapa-acha at a dinner hosted Malaysian Prime Minister Mahathir Mohamed in Kuala Lumpur on 29 May]

[FBIS Transcribed Text] Your Excellency Datuk Sri Dr. Mahathir bin Mohamed, Datuk Sri Datin Paduka Dr. Siti Hasmah, Excellencies, Ladies and Gentlemen,

Khunying [reference to Banhan's wife] and I are greatly honoured to have the opportunity to pay an official visit to Malaysia. On behalf of my delegation as well as on my own behalf, I wish to thank Your Excellency for the warm welcome and kind hospitality extended to us since our arrival.

Prior to this visit, I have had the privilege of meeting Your Excellency on several occasions, both bilaterally as well as multilaterally during the many international meetings attended by both of us. Our discussions have left me with much admiration for Your Excellency's vision and able leadership. You have not only led your country to the high level of prosperity it now enjoys, but also played a constructive role in world affairs which has earned Malaysia the much respected role she now commands in the international community.

Although my visit is a relatively short one, I sincerely hope that it will contribute towards the further strengthening of our bilateral relations. Indeed, I feel very honoured to have been granted an audience with His Majesty the Yang Di-Pertuan Agung [paramount ruler] this afternoon and look forward very much to our formal discussions tomorrow, which will provide us with another opportunity to exchange views on various issues of mutual interest as well as to explore new avenues of co-operation, with a view to strengthening further our already close bilateral ties.

Your Excellency,

As two neighbouring countries, Thailand and Malaysia have long enjoyed close and cordial relations. Indeed, over the years, our co-operative endeavours have expanded greatly to cover a broad spectrum of activities. More importantly, our co-operation has helped foster a feeling of kinship between us, reflecting our firm determination to promote closer ties between both our countries and peoples on the basis of friendship and mutual understanding.

I would be amiss here if I were not to also mention our co-operation under the framework of the Malaysia-Thailand Joint Authority or MTJA which has become a shining example to other countries. I am therefore pleased to learn that tomorrow, two Memoranda of Understanding on the sale and purchase of natural gas from our joint development area will be signed between the joint concessionaire holders and oil companies from Thailand and Malaysia. This is indeed concrete proof of the success of our joint efforts, which have brought about tangible benefits to both our countries.

Your Excellency,

Our close bilateral ties has also laid a firm foundation for the future strengthening of our co-operation at the regional and international levels. It is my observation, however, that, as neighbouring countries at a similar stage of economic development, our officials may have, in the past, competed too aggressively with each other in the conduct of our bilateral relations. Perhaps they had failed to realise that, in the long-term, our futures are so closely inter-twined that if we did co-operate with and assist each other more closely, the prosperity and well-being which we could achieve for our peoples would know no bound.

Indeed, there is much we could achieve together as we have done in the past when Malaysia and Thailand jointly tackled the problem of communist bandits along our border successfully.

In today's era of globalistion, co-operation between Thailand and Malaysia has also expanded to cover joint endeavours to promote the prosperity of our region as a whole — be it under the framework of the Association of South East Asian Nations (ASEAN), the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) or even the Asia-Europe Meeting (ASEM). Indeed, our initiatives — including the establishment of a Trans-Asia Rail Network linking Singapore, China and onwards to Europe as well as endeavours to develop the Mekong River Basin — are now beginning to take shape and will certainly have important repercussions for the future of our region as a whole.

For the above reasons, I hope that Thailand and Malaysia will co-operate even more closely with each other in the future. This includes the closer co-ordination of our policies on a broader range of issues, with a view to achieving more effectively our long-term goals and objectives. We must ensure that minor issues which may arise will not distract us from our endeavours for they are but small irritants when compared to the state of our relations, both now and in the future.

Towards this end, I have no doubt that Your Excellency, as a visionary and far-sighted leader, concurs with me for the need to promote even closer co-operation between Thailand and Malaysia — be they bilateral, regional or international — for the future prosperity and well being of our peoples and the stability and durable security of our region.

Excellencies, Ladies and Gentlemen,

May I now invite all of you to join me in a toast to Their Majesties the Yang Di-Pertuan Agung and the Raja Permaisuri Agung [queen], to the continued good health and success of His Excellency Datuk Sri Dr. Mahathir bin Mohamed, Prime Minister of Malaysia, and Datuk Sri Datin Paduka Dr. Siti Hasmah, as well as to the long-lasting and close friendship between Thailand and Malaysia.

Thank you.

Singapore

Singapore: Editorial Urges Dialogue in Burma

BK0706081096 Singapore BUSINESS TIMES in English 7 Jun 96

[Editorial: "Time for Talks in Myanmar [Burma]" — received via Internet]

[FBIS Transcribed Text] Once again, Myanmar teetered on the brink of an angry confrontation between the military government and pro-democracy forces headed by Aung San Suu Kyi when the military government held more than 200 of her supporters for questioning ahead of the National League for Democracy's [NLD] three-day congress.

Fortunately, many of the NLD supporters have since been released and the controversial meeting — held to mark the sixth anniversary of the 1990 general election in which the NLD, led by Ms. Aung San Suu Kyi, won 392 of the 485 legislative seats — went off without incident.

But the potential for a repeat of the events of 1988, when thousands took to the streets and were subsequently interrogated and jailed by the military, cannot be discounted. The ruling State Law and Order Restoration Order Council (SLORC) is facing a difficult time dealing with Ms. Aung San Suu Kyi. By harassing her supporters, perhaps in the hope of thwarting the congress, it gave her more than due publicity from the international media. Inadvertently perhaps, she was handed a morale booster just as she is re-grouping after a six-year hiatus under house arrest. Lobby groups in the United States are now campaigning fiercely to place a ban on American investments and travel to Myanmar.

When Ms. Aung San Suu Kyi was unexpectedly released by SLORC last July after so many years of house arrest, it raised a flicker of hope that the junta was finally ready to begin a dialogue with the NLD. Not only has this not happened, but SLORC leaders have constantly labelled Ms. Aung San Suu Kyi a "traitor" and "enemy of the people." This hard-line position has not won it any friends. Things got to such a point in November that the NLD pulled out of the National Convention, a body handpicked by the SLORC to draw up a new constitution. This constitution would have preserved a "leading role" for the military in politics and also disqualified Ms. Aung San Suu Kyi from political office because of her marriage to a foreigner.

Now the NLD, at its recently-concluded congress, has decided to draw up its own rival constitution, with parliament, comprising elected representatives, as the supreme authority in the land. A perception of instability is thus created, just when Myanmar is working hard to woo foreign investors.

Some progress made

Finance Minister Win Tin, in a recent interview with ASIA TIMES about the threat of a U.S. investment ban, was quoted as saying: "The Americans may try to block our country, but they'll try in vain.... We have been isolated since 1988, and we have grown with our own resources, so we are not bothered by any boycott." The truth of the matter is that Myanmar's economy has suffered so much during those lost years of socialism that it needs all the foreign investment it can get. There is not a lot of local capital to harness in the task of national development. And on top of everything else, Myanmar is now vying agAinst other emerging economies such as China and India for foreign investments.

Some progress has been made in restoring a fragile health to the battered economy. The question now is whether, and how, a reconciliation process can begin between the leaders of SLORC and Ms. Aung San Suu Kyi and other opposition groups. The two sides should start talking to each other.

Singapore: Text of Thai Prime Minister's Banquet Address

BK0706035196 (Internet) Thai Ministry of Foreign Affairs WWW in English 30 May 96

["Unofficial translation" of an address by Thai Prime Minister Banhan Sinlapa-acha at a dinner hosted by Singapore Prime Minister Goh Chok Tong in Singapore on 30 May]

[FBIS Transcribed Text] Your Excellency Prime Minister Goh Chok Tong, Madame, Excellencies, Ladies and Gentlemen, It is indeed a great honour and pleasure for me to visit Singapore today. Permit me first of all to thank Your Excellency as well as the Government and people of Singapore for the warm welcome and kind hospitality extended to me and my delegation.

Thailand and Singapore can be described as two intimate friends who have long enjoyed close and cordial relations. I therefore firmly believe that we can both look forward to a future of continued close co-operation for the mutual benefit of both our countries and peoples. I am pleased to note that our co-operation is not limited to the public sector. It extends to our private sectors as well, which represents another important avenue for the promotion of our economic relations. This is particularly important if we are to ensure the effective co-ordination of our multi-faceted economic relations, which are based upon the outward-looking economic policies of both our countries, be it Thailand's export-oriented economic policy or Singapore's regionalisation policy. It is my hope, therefore, that the Thailand-Singapore Business Council will develop into an important mechanism which our private sectors can use to pursue together new business opportunities.

Your Excellency,

The success of the Fifth ASEAN Summit last December and the Asia-Europe Meeting last March, stands testimony to the spirit of co-operation and solidarity of the ASEAN countries in their endeavours to promote the well-being of our region. The challenge before us now is how to together ensure that the several initiatives already underway and agreed upon — namely, the ASEAN Free Trade Area, our joint development of the Mekong River Basin, the Trans-Asia Rail Network, the Asia-Europe Business Forum, and the Asia-Europe Environmental Technology Centre — are expeditiously implemented so as to achieve concrete results.

In addition to the above, Thailand and Singapore, together with the other ASEAN countries, will have to co-operate closely in preparing for the upcoming APEC Economic Leaders Meeting in the Philippines this November, the Informal ASEAN Summit in Indonesia this December, and the First World Trade Organisation Ministerial Conference in Singapore the same month, so as to protect the interests of our region as well as to ensure the effective and efficient implementation of our initiatives already agreed upon. Indeed, the success of the above meetings will undoubtedly augment our other endeavours to promote the future political and economic security of the Asia-Pacific region. Towards this end, I am confident that Thailand and Singapore will continue to co-operate closely. I am also confident that both our countries will continue to play pivotal roles in our region, particularly in ushering it into the twenty-first century — a century of growth and prosperity for the Asia-Pacific region.

Your Excellency,

After the Cold War era, it can be said that a high level of peace and security has been attained in Southeast Asia, particularly when compared to other regions. This was achieved through the co-operation of all the ASEAN countries. And we did not stop there. Since then, we have undertaken several measures to ensure peace as well as to promote political and economic stability in our region. Indeed, our initiatives — including the establishment of the ASEAN Regional Forum, the recent signing of the Treaty on the Southeast Asia Nuclear Weapons Free Zone, the laying of foundations for a one community of ten Southeast Asian nations under ASEAN, as well as the opening up of a new level of relations between Asia and Europe — are all measures designed to promote peace, stability and prosperity of the Southeast Asian region.

Excellencies, Ladies and Gentlemen,

I wish to invite all of you to join me in a toast to the continued good health and success of the President of Singapore and Madame, Prime Minister and Madame Goh Chok Tong as well as to the close bonds of friendship and co-operation between Thailand and Singapore.

Thank you.

Singapore: Satellite Communications Network Competition Foreseen

BK0706040196 Singapore BUSINESS TIMES in English 6 Jun 96 p 2

[Report by Genevieve Cua]

[FBIS Transcribed Text] The stage is being set for free competition among operators of global mobile satellite communications networks in Singapore.

The Telecommunication Authority of Singapore [TAS] has indicated that the 1.6 gigahertz frequency is available for the networks' operation, said Iridium officials in a briefing yesterday.

Iridium, which is set to be the first to begin operations in 1998, will launch 66 satellites to enable consumers to make calls from any point on earth.

Iridium officials also believe they are making headway in efforts to enlist Singapore Telecom [ST] and second cellular operator MobileOne as service providers.

Thai Satellite Telecommunications Co. president Piyabut Wasudara said preliminary non-disclosure agreements — which provide for confidentiality in any information exchange — have been signed with SingTel and MobileOne.

Thai Satellite holds a 5 per cent stake in Iridium.

Iridium has been wooing SingTel since last year but progress has been slow. SingTel has a 6.7 per cent stake in a competing system, Inmarsat-P, and it wants to make sure its role as a service provider in one system will not preclude its involvement in any other system.

Mr. Piyabut said: "We're quite bullish in finding a solution to jointly provide our service in Singapore...TAS' view is that they will fairly allow existing cellular operators to offer Iridium services in 1998."

A service provider is expected to take expected to take care of marketing, billing and customer service, among others. Its share of Iridium's billings is expected to be about 10 to 11 per cent. This works out to roughly 30 to 35 US cents per call minute, based on Iridium's planned airtime charge of US$3 (S$4.20) a minute.

Inmarsat-P's charges are expected to be US$2 a minute.

In another development, delegates to the Asia-Pacific Telecommunity (APT) agreed on a shared vision of the role of global mobile satellite systems. APT's meeting ended yesterday with the formation of a working group to prepare for the first world telecommunication policy forum to be hosted by the International Telecommunication Union in October in Geneva.

Meanwhile, in separate announcements, ST Mobile Data and SingTel's PageLink said they were improving their services. PageLink will launch DataRoam which allows roaming of wireless data service between Singapore and Hongkong in the third quarter. ST Mobile Data will launch a wireless modem card.

Cambodia

Cambodia: King Sihanouk Cannot 'Confirm' Death of Pol Pot

BK0606115596 Hong Kong AFP in English
1145 GMT 6 Jun 96

[FBIS Transcribed Text] PHNOM PENH, June 6 (AFP) — Pol Pot, the enigmatic ultra-leftist blamed for the death of some 2 million Cambodians, has died of malaria, a senior member of his Khmer Rouge guerrillas said Thursday.

A deputy commander of the rebel group, questioned by an AFP reporter on the Thai-Cambodian border, said Pol Pot had died on Wednesday after a prolonged battle with malaria.

The officer said his unit, of the Khmer Rouge's 320th Division, was "going to Pol Pot's funeral," which he said was taking place Thursday at a jungle base at Phnom Malai, in Cambodian territory south of the Thai town of Aranyaprathet.

Earlier Thursday, Cambodian intelligence sources and others in Phnom Penh said the 68-year-old ex-dictator was fatally ill and may in fact have died earlier this week.

King Sihanouk, who was twice allied with the Khmer Rouge over the previous 25 years and has carried on a highly-publicized correspondence with the guerrilla's nominal leader, Khieu Samphan, told AFP he could not confirm that Pol Pot had died.

The king, in a faxed response to a query, said, however, "if Pol Pot is really dead, Cambodia and its people will be rid of their worst criminal."

"With the death of Pol Pot, there will be a strong chance that the Khmer Rouge Movement...will be reduced to a few groups of bandits or outlaws without ideology or ideals," the king wrote from Beijing where he is recuperating from a bout of partial paralysis.

"This, then, will be the end of the most terrible of tragedies in our history," he said.

Those who survived the Cambodian Terror were overjoyed at the report of Pol Pot's demise, but it was a pleasure mingled with regret that he had never been punished.

"I rejoice at his death," said Tat Ly Hok, 50, a co-president of the Khmer Journalists' Association, who lost six members of his family during Pol Pot's rule.

"But I am still unsatisfied that he did not face a legal trial. The anger of the people is so very strong that we wish to see him die from a death sentence. So we are very sorry that he died from disease."

Inspired by Mao Zedong and knee-jerk nationalism, Pol Pot was glorified as "Brother Number One" in the Khmer Rouge propaganda.

He is held responsible by many for the deaths of around two million Cambodians by execution, starvation or disease during the Khmer Rouge's 1975-1979 experiment in agrarian communism.

That toll amounted to a quarter of Cambodia's 1975 population.

Known to a wider audience as the Killing Fields, the Khmer Rouge under Pol Pot brought Cambodia back to a time of barbarism.

Towns and cities were emptied as populations were driven into the countryside to work from dawn until dusk with their hands. Knowledge of foreign languages or literature would invite a beating or execution. The former rice basket of Asia became a wasteland of poverty.

The nightmare only came to an end when Vietnam, stung by a series of brutal Khmer Rouge border incursions, invaded Cambodia and installed its own government.

But throughout the 1980s, the red-scarved rebels remained players in the Cambodian saga, enlisted by China and the West as a tool with which to punish Vietnam for its invasion.

Only with the holding of UN-brokered elections in 1993 were the Khmer Rouge pushed to the side.

But they remained a thorn for the new coalition government, occupying up to a sixth of the country's soil, and carrying out hit-and-run attacks on troops, trains and civilians.

Pol Pot, always a grey, mysterious figure, disappeared entirely from view, and rumours of his whereabouts — said to be a jungle stronghold near Thailand — came and went like waves on the sea.

In contrast to his image of evil and barbarity, Pol Pot is described by those who knew him as having remarkable charisma.

Born Saloth Sar, he was a kind and gentle boy, according to one of his brothers, Saloth Nheap.

And those who knew him as an adult described him as charming and graceful.

But the magic could be turned on and off like a light. Pol Pot, according to his entourage, could beguile his listeners and then order their deaths with a smile on his face.

Of Pol Pot's private life, sexual tastes and emotions, virtually nothing is known. Even the year of his birth is not known accurately.

Only a handful of grey, grainy photographs remain to attest to the visage of the man who presided over the death of millions.

Cambodia: SRV Foreign Ministry Refuses Comment on Pol Pot's Death

BK0606121496 Hong Kong AFP in English 1133 GMT 6 Jun 96

[FBIS Transcribed Text] HANOI, June 6 (AFP) — Vietnam gave no official reaction Thursday to the death of Khmer Rouge leader Pol Pot but some here could not hide their relish over the demise of the guerrilla leader who drew Vietnam into a decade of war.

"It's good and encouraging news," said a senior military officer, who said he hoped Pol Pot's death Wednesday from malaria might improve the chances that the remnants of the Khmer Rouge could at last be crushed.

The foreign ministry in Hanoi refused any comment on the death of the most reviled man in Vietnam who betrayed decades of communist solidarity and whose forces killed tens of thousands of Vietnamese.

"We have nothing to say on this matter," a foreign ministry spokesman said.

The military officer described Pol Pot as "an enemy of peace and humanity, " who should have faced trial by an international tribunal for his "Killing Fields" that left an estimated two million Cambodians dead.

Another soldier who served in Cambodia from 1979-1981 and was injured in a Khmer Rouge attack said the news was "good for everyone."

Vietnam's invasion was prompted by the Khmer Rouge massacres of thousands of people living in provinces along the border. After a 12-day campaign, the Vietnamese drove the mysterious "Brother Number One" from power in Phnom Penh in January 1979.

What the Vietnamese found in the Cambodia capital shocked even its battle-hardy troops, according to Bui Tin, a former senior journalist and army officer who was among the first to arrive in the city.

"We had learned many things about the situation in Cambodia but we never realised that it was so cruel until we got there," he said in a telephone interview from Paris.

The city was nearly empty, its population driven into rural communes where many died. Vietnamese forces found victims, killed only hours earlier, of the teenage torturers who operated the bruta@ Tuol Sleng prison.

"Pol Pot's behaviour had been a big surprise," Tin said. The guerrilla leader had once maintained close links with Hanoi, which supported his ragged forces during the 1960s but "changed its line" in 1975, he said.

Officials in Hanoi remain particularly bitter about Pol Pot because of his deep betrayal of the once close relations between the communist parties of the two countries.

While Vietnam supported the Khmer Rouge, it became increasingly disillusioned by the Maoist and ultranationalist bent to Pol Pot's brand of communism that summoned up a deep hatred of Vietnam among many Cambodians.

According to Tin, Pol Pot had aimed to take advantage of the unstable political and economic ????vgv?w?in southern Vietnam after 1975 to re-take a large area of the Mekong Delta that was settled by Vietnamese several centuries ago.

Cambodians also believed Vietnam was trying to take over their land and destroy them as a people and, according to a Khmer Rouge resolution in 1977, decided they must "annihilate Vietnamese on their territory."

After Khmer Rouge killed thousands of villagers in border provinces, Vietnam carried out a retaliatory attack in 1977 but it failed to stop the massacres until 1979.

Vietnam's war in Cambodia sapped the economy and left the country isolated in the international community until their withdrawal in 1989. Many senior figures in Hanoi opposed to a long-term engagement were nudged from power.

The death toll of Vietnamese soldiers in Cambodia reached 52,000.

China, a close supporter of the Khmer Rouge until recently, invaded across Vietnam's northern border to punish Hanoi and relations were only patched up 12 years later.

Vietnam never brought Pol Pot to justice but they once came close to capturing him at the end of 1979, according to Tin. But he fled across the border to Thailand just minutes before troops fought their way into his camp, finding his luggage abandoned there.

Indonesia

Indonesia: East Timor Resistance Issues Report on Activities

BK0706050096 (Internet) INDONESIA Listserv in English 6 Jun 96

["East Timor Report" issued by the East Timor National Council of Maubere Resistance on 5 June; place not given]

[FBIS Transcribed Text] Resistance sources from within East Timor have reported as follows on May 26 1996.

The general military situation in East Timor since the beginning of this year has been marked by constant large scale and anti-guerrilla Indonesian military operations targeted on the East Timorese guerrilla as well as on the Clandestine Front. These constant actions have maintained a climate of fear and intimidation among the civilian population, with abundant human rights violations taking place.

1. Confirmation of the capture and murder of the Secretary of the East Timor Clandestine front, Pedro Nunes (Sabalae) on 1 June 1995.

The Secretary of the CNRM [National Council of Maubere Resistance] Clandestine Resistance Civilian Front, Pedro Nunes (Sabalae) (39 years), disappeared almost one year ago together with his assistant Remigio Levi da Costa Tilman (21) while on a trip in a remote locality near Gleno in East Timor. His disappearance has been confirmed by the CNRM Clandestine Resistance 26 May report.

According to the report, the two men were captured by the Indonesian military and kept for one night at the military post in Tibar, where they were tortured with the aim of extracting information from them. Remigio Levi da Costa was killed the same night, as he refused to provide any information to his captors. Pedro Nunes was then taken to Dili, and transferred to Jakarta to the Den-85 barracks of the Kopassus Special Forces of the Indonesian Army. Refusing to provide answers, he was tortured until he died.

2. Reports on military activities:

Ermera region.

In the administrative post of Hatolia on 23 May at about 0630 am, Indonesian Army troops of Battalion Lino 700 captured an East Timorese guerrilla member, Jeronimo Soriano Barros (known as Jacson Berleto) (25) in the house of Joaquim Mautalo. This took place at Purama, at the locality of Fatubolo in Ermera. The captive has been tied up, and is being severely tortured while being questioned.

Lautem Region, Lospalos

Battalions Lino 1770 and 320 and Rajawali commandos continue intense military actions both in the southern part of the region, as well as against villages.

There have been important military actions by the Indonesian Rajawali command from 13 to 19 May along the southern coast of the eastern end of East Timor. These actions have covered the area from the road from Lospalos to Iliomar, to the road Lospalos to Lori on the coast. The Lori forest has been thoroughly searched.

On 1 April, guerrilla fighter Mouzhinho was betrayed by a youth named Avelino Ximenes (23) from Lore. The treason took place while the guerrillas were performing successful actions in the southern region against enemy troops who had advanced in several fronts from

Lospalos, Alapupulo, Ililapa and Lori. After the killing of Mouzhinho, the betrayer Ximenes was paid 3 million rupiah by the Indonesians, and allowed to join their ranks. He is at present actively involved in the Indonesian Rajawali operations against the guerrillas.

The death of guerrilla member Jose Lobo, killed in action on 3 April, according to two independent Armed Resistance sources, as mentioned in an earlier report on first quarter of 1996 activities, is hereby confirmed. The action by the Indonesian Rajawali command took place in Ililapa and Maluro. The deceased was buried in Maluro by relatives.

Baucau region

From 13 to 15 May, a meeting was held by the Baucau Sector Commander (Dan Sector), Military Commander Dan Din), Police Commander (Kapolres), the Regent (Bupati) V. Marcal, and the Regional Administrator (Camat) J.M. Guterres as well as Father Rui F. Gomes. The meeting was held to.

— prepare for the prevention of anti-integration youth demonstrations during an important UN visit expected in September;

— plan for arrests of pro Independence youths at their homes;

— capture of all Clandestine Front leaders and activists;

— removal of all those captured during the time of the UN visit;

— serve notice about the strict prohibition of any remembrance acts to mark the death of the youth Paulo dos Reis last 25 April in Uaitame. The above measures referred to Baucau, Quelicai, Baguia, Laga, Venilale, and Vemasse.

Indonesia: Armed Forces Back Existing Law on Political Parties

BK0506133896 Jakarta ANGKATAN BERSENJATA in Indonesian 1 Jun 96 p 1

[Unattributed report]

[FBIS Translated Text] Medan, (AB) — Lieutenant General Syarwan Hamid, ABRI [Armed Forces of the Republic of Indonesia] chief officer for sociopolitical affairs, has said that the ABRI's stand remains unchanged in the face of various phenomenons, including new mass organizations.

It is true that mass organizations have become necessary in people's political and social lives, but their existence should be relevant to the existing regulations and laws. Lt. Gen. Syarwan said this in his address to the ninth general assembly of the Association of Employees of State Plantations' (PERKAPPEN) in Medan, on Thursday (30 May).

Speaking before about 200 PERKAPPEN leaders and representatives, Lt. Gen. Syarwan said that in the current national development era, the government and people of Indonesia have no need for new mass organizations just for the sake of "having something different."

He said that the ABRI would not want to be involved in differences of opinions because no event stood independently.

Based on the spirit of national unity and cohesion, the government and the people should be focused toward negative trends.

The three-star general said the ABRI will continue to adhere to existing laws and its promises.

Through time, the Indonesian people can observe who acts for whom, who acts towards who, and who adopts the proactive attitude within what framework.

Continuing, he said that we can practically see whether each mass organization really lives up to its role as a national moral and cultural force, or only exists as a politicking mass organization.

According to Lt. Gen. Syarwan, the politicking [preceding word in English] situation for the upcoming 1997 general elections is so tense that it influences the Indonesian people's life as the nation enters the Sixth Five-Year Development Plan under the Second 25-Year Long-Term Development Master Plan.

At issue is whether or not the people's political participation can strengthen the existing political system.

Very Strategic

Lt. Gen. Syarwan said that mass organizations play strategic and vital roles in the national life.

The existence of the mass organizations reflects the extent of the people's political participation.

The rapid growth and development of the mass organizations can reflect the people's more active political participation. This can in turn indicate the existence of more democratic society, a factor that can determine the success of development.

"We should be aware that Indonesia could implement development programs regularly and continuously over the past 30 years, even though the country has been independent for 50 years. So, it is natural that our achievements could not satisfy everybody," he said.

Apart from this, the government and people should simultaneously arrange the country's social order — either ideology, politics, economy, socioculture or defense and security.

Through a long process and with consensus from all national components, Indonesia was able to decrease the number of political parties. At the same time it declared that Pancasila was the sole basis for political parties, mass organizations, and other mass institutions in the 1980's.

Indonesia: Analyst Warns PDI 'Crisis' Could Affect Elections

BK0706081296 Jakarta THE JAKARTA POST in English 5 Jun 96 p 2

[FBIS Transcribed Text] Jakarta (JP) — The deepening crisis plaguing the Indonesian Democratic Party (PDI) will endanger the 1997 election unless the government can handle it correctly, an analyst said yesterday.

Riswanda Imawan from Yogyakarta's Gajah Mada University said the escalating leadership rift threatens not only the minority party itself but also the interests of the nation as whole.

If the crisis persists, PDI may risk boycotting next year's election on the grounds that it is not ready for it, he said.

"If PDI does that, the 1997 election must be canceled, because the pertaining law states that elections should be participated in by the three political organizations," he said.

The three are Golkar [Functional Group], PDI, and the United Development Party (PPP). They will all be contesting for 425 seats in the House of Representatives.

The PDI, a merger of Christian and nationalist forces, was hit hard after breakaway leaders — backed by the government and military — demanded a new congress.

Critics say that the current crisis is engineered by the government, which wants to see PDI's legitimate chief, Megawati Sukarnoputri, ousted prior to next year's election.

Riswandha said that if PDI does not take part in the election and the government insists on having only Golkar and PPP take part in the election, a new problem would arise.

For example, he said, the House will not be able to make decisions, because the law requires that any decisions the legislative body makes must be approved by all factions.

"As all House members are also members of the People's Consultative Assembly (which elects the new president), then the crisis will hamper the 1998 presidential election as well," he said.

According to Riswandha, it is logical to relate the political bloodletting in PDI with Golkar leaders' determination to clinch a landslide victory next year.

He said that apparently the ruling Golkar has an interest in keeping the fire within PDI lit in order to reduce its ability to attract voters for the forthcoming election.

"Obviously, the PDI card is easier for Golkar to play than the PPP. The PDI's internal conflict is worse. Besides, PDI successfully snatched many of Golkar's seats in the House in 1992," he said.

In the 1992 election, Golkar lost 16 seats to the PDI and one to PPP, reducing its majority from 73 percent to 68 percent. Golkar now has 282 seals, PPP 62 and PDI 56 in the House.

Meanwhile, in Surakarta, political observer Makyo Sumaryo said PDI dissidents pressing for a congress are "political clowns" who mean to confuse party members in the regencies.

"What they (dissidents) do is a political crime that can hamper the 1997 election," said Makyo, a political teacher from the Sebelas Maret [11 March] University and chief of the Surakarta PDI chapter.

In Ujungpandang, Sadly A.D., a political observer from the Hasanuddin University predicted that no one can stop the breakaway PDI leaders from holding the congress because it is the will of most party branches.

Sadly, the dean of the university's sociopolitical school, said that, in his opinion, the government is not fanning the flame of PDI's internal conflict as many people believe.

"The dispute stems from conflicting interests among the party's leachers," he said.

Indonesia: Daily Views Democratic Party Demand for Congress

BK0706105496 Jakarta ANGKATAN BERSENJATA in Indonesian 5 Jun 96 p 4

[Editorial: The Indonesian Democratic Party is in Chaos Again"]

[FBIS Translated Text] Several years ago, President Suharto said political development is the most difficult task in national development. He was right. This can be clearly seen from the developments in the Indonesian Democratic Party or PDI. On Monday, the party was reported to be having an internal crisis again. To date, it still has not been able to solve the problem facing its

East Java local executive council [DPD]. Its other local executive councils are also facing problems. Actually, three years ago, the PDI held a congress in Medan. That was a failure, and though the congress was followed by an extraordinary congress in Surabaya, it was futile. As a result, the party's national assembly had to be organized, which among other things, elected the PDI's Central Executive Council (DPP) members, curently under the leadership of Megawati Sukarnoputeri.

However, the hastily-held national assembly in 1993 to select the PDI leaders, concluded with the election of DPP members only. Other matters, such as stipulations on holding a congress as an authorized institution to fix the party's new statutes (AD) and new rules of the party (ART) were totally forgotten. As a matter of fact, the national assembly did not even consider the formation of Party Central Advisory Council and Party Advisory Committee, which are the instruments to make the party complete. For this reason, it is not easy for the DPP to settle the party's internal rift, including the crisis in the East Java DPD. The DPP does not have a deliberations board for members to seek advice or ideas, and several policies adopted have been found to be undemocratic.

Being aware of the party's problems, several PDI branch executives decided on Monday to petition the DPP and the government for a new congress. More than 50 of the 275 branch executive council (DPC) members, or about 85 percent of the total DPC members came to the PDI DPP office in Jakarta on Monday. They later proceeded to the Home Affairs Department — an institution for political development — and were received by the director general of sociopolitical affairs, Sutoyo N.K. Minister of Home affairs Yogie S. Memet was out of town.

Having observed the PDI's development over the past three years, or since the convening of its national assembly which elected the current DPP, it is clear that the party leadership should somewhat tidied up. Thus, it is understandable why the DPD or DPC members are demanding or petitioning for a party congress. It is also proper for former PDI figure such as ex-general chairman Drs. [master of arts] Suryadi, and Fatimah Akmad, one of the DPP executives who is concurrently leader of the PDI faction in the DPR [House of Representatives] (DPR), to regard the demand for the congress to be in accordance with the party AD and ART. In other words, this is part of the effort to uphold democratic practices in the party, which is identified with democracy. We wonder, what the attitude of the PDI DPP, particularly its general chairman, is toward this demand. Would they stick to the argument that the previous national assembly, which elected the current DPP, already has the status of congress, so that a new congress can only be held in 1998, five years after the national assembly? If they agree with this, what about the new AD and new ART that have not been formalized and other mechanisms that have not been formed to make the party a complete one?

We feel that the PDI DPP will be able to take note of the aspirations that are rising from below. Shortcomings are something natural. However, it is not proper to refuse to admit that there are shortcomings. For this reason, the democratic people such as the PDI DPP members should respond positively to the demands from party's DPD and DPC. The party's interest should be given top priority and this will eventually become a part of our people and national interest.

However, we can only express our hope. Everything depends on the decision of the PDI DPP or its general chairman Megawati. However, what is clear is that a person's hardened spirit of being a democrat is being challenged. It is this kind of spirit that the PDI members in particular, or the Indonesian people in general, expect.

Indonesia: Editorial Views Move 'To Remove' Dissident Politicians

BK0706075696 Jakarta THE JAKARTA POST in English 6 Jun 96 p 4

[Editorial: "The PDI Furor"]

[FBIS Transcribed Text] Over the last few months, there have been rumors that a "final solution" to remove two prominent figures from Indonesia's political scene has been drawn up. The targets are Megawati Sukarnoputri, chairwoman of the Indonesian Democratic Party (PDI), and Abdurrahman Wahid, chairman of the populist Muslim organization Nahdlatul Ulama (NU). The two are reportedly considered potential threats in the upcoming People's Consultative Assembly (MPR) session scheduled to convene in March 1998. One of the items on the agenda is electing a new president. Megawati is perceived as a threat because some people have already suggested she should run for president, against President Suharto, should the latter choose to run for yet another term in office. Therefore, according to these rumors, she has to be expelled before the end of July, the deadline for the political parties to hand in their list of candidates for the 1998-2003 House of Representatives (MPR).

Considering her growing popularity among the PDI grassroots and the repeated failure of previous efforts by rival PDI activist to topple her, it was reportedly decided that she would have to be toppled in a "constitutional" manner, in line with the party's constitutional procedures. This would have to be supported by a majority of the party's members, comprised mostly of the anti- Megawati faction within PDI.

Meanwhile Abdurrahman Wahid, being an outspoken man, is perceived as a possible troublemaker in the coming MPR session. His persistent criticism of the government and his ostensibly "apolitical" stance are considered dangerous. The deadline for Abdurrahman Wahid's downfall has reportedly been set for October, before the NU celebrates its 73th anniversary.

What happened in the last few days — a delegation claiming to represent a majority of the PDI's regional chapters went to the Ministry of Home Affairs to request a permit for a rival congress to change the leadership — sounds exactly like the rumored scenario. And the prompt endorsement of the planned congress by the government does rather to make one wonder whether the rumors might be true after all.

But who can really distinguish between rumor and the fact? The government and the military have repeatedly denied any involvement in the meddling in the PDI's problems.

And we can not doubt their sincerity.

Megawati herself said that those trying to topple her are an "internal group within the PDI" which is in cahoots with an "external power". Who this "external power" might be remains a mystery. But judging from the speed with which the anti-Megawati group has taken over the PDI executive board, it is likely that they have indeed received some sort of tacit support from the authorities.

The question as to who masterminded this coup aside — the fact remains that Megawati's chairmanship is in deep trouble. She has to face a very formidable foe. Yet it is clear also that she has a lot of loyal supporters. That a growing numbers of supporters are willing to sign their names in blood to protect her leadership is not only an unprecedented development, it is also indicative of a hardened stance against the plotters.

What has happened in the PDI is deplorable. The use of such a contemptuous method to topple a constitutionally elected party leader is not merely a political setback for Indonesia, but also a tragedy for our embryonic democracy. Remember that the times have changed. Our political landscape has changed. We have a more open society and our citizens are becoming increasingly politically aware. Anybody with an education will be able to see what is really behind this lamentable affair.

It is conceivable that this whole sorry scheme might backfire. But we fear that unpleasant things could happen if the situation get worse. This could disrupt our nation's stability. To sacrifice such a precious thing for what it seem like personal reason is plain unacceptable.

Indonesia: Suharto Denies Seeking Reelection

96SE0084B Jakarta KOMPAS in Indonesian 22 May 96 pp 1, 15

[FBIS Translated Text] Jakarta (KOMPAS)—President Suharto stresses that he has never sought to be reelected. He has also never made any effort to have ABRI [Indonesian Armed Forces] play a big part in reelecting him. The election of the Indonesian president is entirely in the hands of the MPR [People's Consultative Assembly] rather than in the hands of the incumbent president or anyone else.

Minister of State and State Secretary [MENSESNEG] Murdiono said in reply to a reporter's question that the chief of state's assertion was made during a one-hour meeting with senior Australian editors at Freedom Palace, Jakarta, on Tuesday, 21 May. His assertion was in reply to their question about President Suharto's willingness to be reelected for the next presidential term.

The delegation, which was led by Richard Woolcott, chairman of the Indonesia-Australia Institute, included Paul Kelly (THE AUSTRALIAN), Andrew Clark (THE SUN HERALD), Bob Cronin (THE WEST AUSTRALIAN), Chris Mitchell (THE COURIER MAIL), Crispin Hull (THE CANBERRA TIMES), Gregory Hywood (THE AUSTRALIAN FINANCIAL REVIEW), Ian McCausland (THE MERCURY), Ian Macintosh (International Operations, Australian Broadcasting), John Hartigan (THE DAILY TELEGRAPH MIRROR), John Lyons (THE SUNDAY MORNING HERALD), Michael Mann (Australian Television), Scott Milson (THE BULLETIN), and Steve Harris (THE HERALD WEEKLY TIMES). They were accompanied by the MENSESNEG and Allan Taylor, Australian ambassador to Indonesia.

The MENSESNEG said that, consistent with President Suharto's long-held position, the president stressed that implementation of the Constitution is what applies in Indonesia. "This means that the election of the president is entirely in the hands of the MPR and not in the hands of the incumbent president or anyone else," Murdiono said, quoting the president.

President Suharto emphasized that the responsibility of each president is to create conditions and situations for the emergence of potential national leaders. "The MPR then chooses those deemed most suitable to lead the nation, using criteria established by the MPR itself," the chief of state said, quoting the president.

In reply to the question, the president also stressed that he had never sought reelection and had never made any effort to have ABRI play a big role in seeking his reelection. "The president emphasized that he has never sought reelection. He also has never made any effort to have ABRI take a big role in seeking his reelection," Murdiono said.

According to the president, a candidate for national leadership may come from among people with experience in the government or legislative sector or from among those with experience or origins in the sociopolitical forces or other organizations.

Overall

In addition, the chief of state gave an overall description of Indonesia, from its long history of opposing colonialism to National Resurgence and the Youth Oath, which reached their peak with the Independence Proclamation.

"The president then stressed that the Indonesian people greatly respect and love their independence. As an extension of that, therefore, we also respect the independence of other countries," the MENSESNEG said. That viewpoint is what ultimately produced a free and active foreign policy. The president emphasized that, conceptually, Indonesia does not think about enmity or aggression toward other countries.

The president also described to the Australian editors Indonesia's political and governmental systems, which are based on the 1945 Constitution, including the mechanism for national leadership and relationships among the supreme and high institutions of state, particularly relationships between the president and the DPR [Parliament] and the MPR. He also described various development advances under the Development Trilogy system.

The president said that through the implementation of a leadership system based on the 1945 Constitution and Pancasila [ideology of the Indonesian state], Indonesia can maintain the national stability that is much needed for development over a long period of time. According to the MENSESNEG, when President Suharto described the national leadership mechanism, he said, "I am not forcing you simply to believe my explanation, but please check for yourself."

Philippines

Philippines: Ramos Sees Breakthrough in Peace Talks With MNLF

BK0606061896 Quezon City Radio Filipinas in English 0230 GMT 6 Jun 96

[FBIS Transcribed Text] President Ramos said the impasse in the peace negotiations with the Moro National Liberation Front [MNLF] has been broken. In a statement issued during his regular press conference Wednesday, the president said that peace negotiations are heading in a fresh direction that would hopefully lead to a comprehensive, just, and durable peace in southern Philippines before the end of the year.

The president said the good news was relayed to him by Ambassador Manuel Yan, the head of the Government of the Republic of the Philippines [GRP] panel negotiating with the MNLF. He attributed the breakthrough to the kind of efforts of the ministerial committee of the six of the Organization of Islamic Conference working in solidarity with government and the Moro National Liberation Front.

Ambassador Yan is in Jakarta, Indonesia to attend a GRP-MNLF peace panel consultation meeting next Wednesday.

The president said a new framework for the transitional implementing structure and mechanism on the latest to the joint efforts by Philippine Government, the MNLF, and the ministerial committee will form the basis for further deliberations in the eighth mixed committee meeting expected to get on the way soon. [sentence as heard]

Philippines: MILF Reportedly Planning 'Large-Scale' Offensive

BK0606090296 Manila BUSINESS WORLD in English 6 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Moro Islamic Liberation Front [MILF] is preparing for a large-scale military offensive to retake the Mal-Mar Irrigation Project.

Government forces recovered an alleged MILF arms cache early this week in the vicinity of the irrigation project, bolstering intelligence reports the rebels are out to stage another wave of attacks.

Reports from the Joint Operation Center said elements of the 64th Infantry Battalion's Alpha Company and a Special Forces team were on routine clearing operations near Sitio [village district] Titigan, Barangay [village] Tunganon, Carmen when they stumbled upon the arms cache hidden among the bushes.

Recovered were nine sealed rocket propelled grenades, six rifle grenades, 60 mm mortar ammunition, and assorted ammunition.

Officials said the arms could only have been planted by the MILF, saying "The MILF is the only rebel group that is operating in the area and has designs to retake the irrigation project."

Philippines: Group of 93 MILF Rebels Surrenders in Iligan City

BK0706031296 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 6 Jun 96

[FBIS Translated Text] Ninety-three members of the Moro Islamic Liberation Front [MILF] have surrendered to the government after long negotiations with Philippine Army and local government authorities in Mindanao. In a statement, Army commander General Clemente Mariano said the surrender of the Muslim rebels was made possible by the government's unification and development program. In a formal ceremony in Iligan City, the former Muslim rebels surrendered 45 high-caliber weapons, including two grenade launchers.

Philippines: Armed Forces 'Ready' for 'Full-Scale War' With Muslims

BK0706080696 Manila BUSINESS WORLD in English 7 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Armed Forces of the Philippines (AFP) yesterday declared itself ready for a full-scale war with the Moro Islamic Liberation Front (MILF) and the Moro National Liberation Front (MNLF) should peace talks fail.

As this developed, the military yesterday reported that MILF troops are massing in Maguindanao and North Cotobato under the direction of MILF chairman Hashim Salamat for the purpose of staging bombings and retaking a former stronghold in Sultan sa Barongis and the Mal-Mar Irrigation Project.

In a statement, AFP spokesman Brig. Gen. Victor Garcia said the MILF has plans to launch simultaneous offensives on the municipalities of Esperanza, Isulan and Tacurong in Sultan Kudarat. "They will try to hit the military installations in the area particularly the 301st Brigade, 3rd Infantry Division based in Barangay [Village] Kaladagan, Tacurong," he said.

Philippines: Committee Suspends Deliberations on Constitutional Changes

BK0706055796 Manila BUSINESS WORLD in English 7 Jun 96

[Report by Ronaldo F. Jabal and Paul N. Villegas — received via Internet]

[FBIS Transcribed Text] In an abrupt departure from Wednesday's [5 June] defiant stance, House committee on constitutional amendments chairman Pedro Romualdo yesterday ordered a stop to deliberations on any amendments to the Constitution.

With only five congressmen attending a committee meeting, Mr. Romualdo suspended deliberations on the Charter changes indefinitely. He denied having acted on the basis of President Ramos' order and said he did so "because the resolutions using people's initiatives to amend the Constitution have not referred to the committee."

"No one has told me to stop. The Speaker did not request me to stop. If there was really an order from President Ramos, which I have not been told (of), then I can only follow him as a party man and not as committee member," he said.

The solon [lawmaker] who reportedly moved to suspend the meeting indefinitely was Assistant Majority leader Sergio Apostol, a Lakas [Strength of the Nation Party] stalwart. Of the five congressmen who attended the last committee meeting yesterday, three were Lakas congressmen, one was from the Nacionalista [Nationalist] Party and another from the Liberal Party.

However, House Speaker Jose de Venecia Jr. told his weekly press conference that he requested Mr. Romualdo to freeze discussions of any amendment to the Charter.

Asked what he will do regarding Camarines Sur Rep. Leopoldo San Buenaventura, a Liberal Party member who insists on his proposal to elect senators by region, Mr. de Venecia said, "He may not be a (Lakas) party member but he belongs to the rainbow coalition. I will appeal to him (to stop)," he said.

Mr. San Buenaventura remained adamant, saying "I am not afraid.... If they disapprove of it I will present this to the barangays [villages]."

No Withdrawal

Iloilo City Rep. Raul Gonzales, principal author of a resolution calling for the extension of term limits, said he is not withdrawing his proposal. He said he will conduct his own survey to determine the pulse of the people.

"The president cannot stop the will of the people. If after the survey the results point to their desire to amend the Constitution to extend his term limit, then he cannot do anything about it," he said.

Also yesterday, 36 Mindanao solons filed a resolution similar to Mr. San Buenaventura's. This time, however, they are calling on both houses of Congress to convene as a Constituent Assembly. They said the move is needed to allow equitable representation of the nation's regions.

Mr. de Venecia also lashed out at the reported "grand alliance" of political parties headed by solons with political ambitions against the Charter amendments. "This grand alliance is a non-event...(because) we have already decided to stop moves amending the Charter...they are fighting a phantasm," he said.

Mr. Romualdo said the leaders of the alliance are only out to get extra media mileage. "The opposition from these presidentiables is self-serving... they have evil motives.... They want to stop these charter amendments because their dreams will be curtailed," he said.

Yesterday's event was marred, however, by the absence of Vice-President Joseph Estrada of the Partido ng Masang Pilipino [Party of the Filipino Masses] who later denied any desire to become part of the group.

United Front

During a press conference at the Club Filipino in Greenhills, Sen. Miriam Defensor-Santiago of the People's Reform Party, Makati mayor Jejomar Binay of the Partido Demokratikong Pilipino-Laban [Philippine Democratic Party], San Juan Rep. Ronaldo Zamora of the Nationalist People's Coalition and Sen. Edgardo Angara of the Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats] said they were putting up a united front against alleged efforts of the Lakas to tinker with the 1987 Constitution.

Meanwhile, in Bokod, Benguet, at least two Northern Luzon governors want President Ramos to seek reelection as they vowed to support moves that would amend the Constitution.

Gov. Rodolfo Agbayani of Nueva Vizcaya and Gov. Raul Molintas of Benguet told Mr. Ramos of their desire as the Chief Executive inaugurated the completion of a Japanese-funded bridge in Nueva Vizcaya and the Adonot bridge in Benguet.

Those who attended the inauguration cheered Agbayani and Molintas' remarks but the president dashed their hopes. In a speech, Mr. Ramos said he does not intend to seek reelection because he wants to make sure his promises for Benguet will be fulfilled during his tenure.

Philippines House Speaker on Possible 'Arrangement' With Laban Members

BK0706080596 Manila BUSINESS WORLD in English 7 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] House Speaker Jose de Venecia Jr. yesterday opened the doors of the ruling Lakas [Strength of the Nation] party to Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats] stalwarts reportedly reluctant to resign from their committee chairmanships.

The committee chairmen who are reportedly not sold on the idea are Reps. Amado Bagatsing of the committee on civil service and professional regulations, Emigdio Tanjuatco of the committee on suffrage and electoral reforms, and Jose Cojuangco, Jr. of the committee on food security. In his weekly press conference, Mr. de Venecia said they could work on a "special arrangement" despite the break-up of the Lakas-Laban coalition last Friday.

Those who have tendered their resignations are Reps. Edcel Lagman, committee on justice; Teresa Aquino-Oreta, assistant majority leader; Ramon Bagatsing, science and technology; John Osmena, appropriations; Miguel Romero, economic diplomacy and foreign affairs; and Bellaflor Angara-Castillo, assistant majority floor leader. Negros Oriental Rep. Margarito Teves, chairman of the committee on rural development, will file his resignation letter today.

Philippines Police Reportedly Hunting 600 Foreign Terrorists

BK0706075896 Manila BUSINESS WORLD in English 7 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The security of the Asia Pacific Economic Cooperation meeting this November remains compromised with the revelation that an estimated 600 foreign terrorists are in the country.

A source in the police intelligence community said they have been tracking down the whereabouts of some 600 suspected terrorists who managed to gain entry since 1992. "Although there are about 100 suspected foreign terrorists who have entered the country, there were more who went here last year before the visit of Pope John Paul II. Some came this year because of the counterterrorist conference held in the Philippines last March," he explained. He said these suspected terrorists were mostly from the Middle-East and are now either residing permanently or "hibernating." He added "Some of the suspected terrorists have already taken Filipina wives while others who are being hunted in other countries come to the Philippines to cool off."

The terrorists are reportedly going to Mindanao to clandestinely meet with the Moro Islamic Liberation Front [MILF] and the Abu Sayyaf. Despite continuous monitoring, the source said they cannot arrest the foreigners for just talking with the MILF or holding a meeting among themselves. "What are we going to charge them with? There is no law in the Philippines against terrorists," he said.

Thailand

Thai Supreme Commander: 'No Confirmation' of Pol Pot's Death

BK0706072096 Bangkok Radio Thailand Network in Thai 0530 GMT 7 Jun 96

[FBIS Translated Text] Supreme Commander General Wirot Saengsanit has said there is no confirmation of the death of Khmer Rouge leader Pol Pot. He said there would be no impact on Thailand if the report is true. The supreme commander said it is the duty of the intelligence network to determine the facts. He said:

[Begin recording] [Wirot] There has been no official confirmation.

[Unidentified correspondent] Will there be any impact along the border if the report is true?

[Wirot] There will be no impact. It is a matter of policy. Others will continue his work after his death.

[Correspondent] Any violence?

[Wirot] No. There is no problem between us.

[Correspondent] [Question Indistinct]

[Wirot] There will probably not be any change because there are others. Reunification is still impossible because there are many conditions. It is difficult.

[Correspondent] Has intelligence checked the report yet?

[Wirot] There is no need to tell them. It is their duty to check the news and report to their superiors.

Thailand: Official Writes on Regional Transportation Network

BK0706051596 Bangkok THE NATION in English 7 Jun 96 p A8

["The Regional Village" commentary by Nopphon Atchariyawanit, counselor in the Foreign Ministry Economics Department: "Laying Down Roads for Future ASEAN Growth"]

[FBIS Transcribed Text] The wind of change blowing through international relations has been most evident in the economic opportunities now available in the former socialist countries.

Several have become attractive new markets and sources of natural resources. And at the top of the list are Indochina and the Mekong subregion.

ASEAN in particular has sought to become involved in the reconstruction and rehabilitation of the Mekong subregion, especially the Indochinese countries, with the aim of improving the standards of living, economic growth and development of those countries.

The first prerequisite for this to happen, it has been agreed, is the development of a region-wide transportation network. An ASEAN proposal to build a railway from Singapore to Kunming, Yunnan, was the first initiative, and it was followed by a concept paper from the ASEAN Coordinating Committee on Cooperation in the Economic Development of the Mekong Basin. All these efforts are focused on a single goal — the integration of the 10 Southeast Asian countries, the so-called SEA-10.

Before ASEAN moves beyond its boundaries, however, the mobility of goods, services and people among the existing member countries needs to be further liberalized. At present, the transportation channels from Singapore to Thailand via Malaysia remain inconvenient primarily because of crossborder regulations. The transportation of goods from Singapore to Thailand is now conducted under the 1979 Memorandum of Understanding [MOU] on Movement in Transit of Perishable Goods by Road. This MOU confines the types of trucks used for the transportation. In practice, the number of trucks is also limited.

The opening times of border checkpoints remains another problematic issue. At present, three border checkpoints between Thailand and Malaysia operate 16 hours per day at Sadao-Bukit Kayu Hitum, Thung Mau-Padang Besar and Sun Gai Kolok-Runtu Panyung. The rest still operate only 13 hours per day. Thailand has repeatedly reaffirmed its readiness to open the border checkpoints around the clock. This proposal was also reconfirmed in the framework of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT).

Although a new form of border pass between Thailand and Malaysia which broadens the purposes, areas and duration of stay of visitors from the two countries is about to be introduced, Malaysia has maintained several restrictions on border-crossing, especially those involving security and technical aspects.

The improvement of road and railway linkages between Thailand and Malaysia is another key element in facilitating a greater flow of goods, services and people. At present, the border crossing at Sadao-Bukit Kayu Hitum checkpoint is the only convenient channel. The North-South highway of Malaysia connects with a four-lane highway from Sadao to Songkhla in Thailand. Thailand is upgrading the north-south highway, and work is expected to be completed by 1998. Other border checkpoints remain small and inconvenient. Furthermore, there should be more border-crossing points in some areas, especially in Satun and Yala of Thailand and in Perlis and Kedah states of Malaysia.

However, implementation of the IMT-GT should lead to a greater and freer flow of goods, services and people between the two countries.

The IMT-GT calls for the Thai and Malaysian private sectors to establish a joint-venture Inland Container Depot (ICD). The ICD would allow for a single customs inspection of containers at the point of departure and destination. The Sadao ICD Company Limited of Thailand has joined three Malaysian companies — Strapex, RNG Niaga and Consortium Perkapalan — in running an ICD business by road through the Sadao-Bukit Kayu Hitum checkpoint.

The ICD will be further serviced by train at the Thung Mau-Padang Besar checkpoint.

In this regard, the Penang-Songkhla road and railway landbridge, which is undergoing a feasibility study, could play an important role in speeding up the flow of goods, services and people. The Songkhla deep-sea port could also be utilised as an ASEAN outlet to the Indochinese countries.

Although the Songkhla deep-sea port still has some technical problems because of the accumulation of sand, the lack of full-scale port facilities and the high freight charges, these could be solved by privatization or a long-term concession.

The next factor paving the way for the establishment of a SEA-10 transportation network is the determination of an international truck route and the design of a multi-model transportation network. Moreover, a standardised regional license plate, in terms of size and letters, is another issue that would hasten the growth of road traffic.

All these issues should be on the ASEAN agenda.

Thailand: Burma Seeks New Use for Road-Building Loan

BK0706052096 Bangkok THAILAND TIMES in English 7 Jun 96 p A2

[Report by Saranyu Samakratthakit]

[FBIS Transcribed Text] Bangkok — Rangoon is seeking a deal which would allow it to use a 300-million-baht soft loan from Thailand earmarked to improve cross-country road links between Thailand and Burma's Keng Tung for further link-up with China's Yunnan province.

The roads are being upgraded as part of the planned Mekong sub-regional road network which is designed to provide direct road links between the countries of the Mekong basin and thus boost economic development. They fall in a circular section of the proposed network which links Northern Thailand, Burma, Yunnan and Laos.

The cabinet originally approved the loan to fund the 164-kilometer Tachilek to Keng Tung section in Burma because of the immediate benefits to Thailand. Now, Rangoon is seeking to shift the loan to the unfunded 80-kilometer stretch from Keng Tung to Yunnan's Maila.

The disadvantage to Thailand is to be made up with a guarantee that a Thai firm will be given the contract to upgrade the Tachilek-Keng Tung section and the materials will also be from Thailand.

The sections will not be new roads but will follow existing routes, many of which are currently unsuitable for most automobile transport.

The Foreign Ministry's economic affairs chief, Kopsak Chutikun, told THAILAND TIMES that Thailand would consider whether the benefits to Thailand were adequate before it approved shifting the loan.

He added that Burma needed to make a clear undertaking that it will go ahead with modernizing the Tachilek-Keng Tung section and not just drop it.

"Thailand wants more details from Burma," said Kopsak.

He added that the proposal had not yet been officially made, and had only been discussed in private talks between Burmese Minister of Construction Gen. Saw Tun and Thai Ambassador to Rangoon Poksak Ninubon.

Kopsak said Burma could make the official proposal when a technical team from the Finance Ministry meets the SLORC (State Law and Order Restoration Council), Burma's ruling military regime, to discuss funding for the road network.

The two countries have not yet negotiated conditions for using the route as an international highway, a senior official in the Foreign Ministry said.

The road network is ultimately intended to create links between all the capitals and major seaports in mainland South-East Asia.

Thailand: Foreign Minister Meets With Lao Counterpart

BK0706042796 Bangkok THE NATION in English 7 Jun 96 p A5

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Khon Kaen — Thailand will propose to the other ASEAN member states a means for them to contribute to the construction of a second bridge linking Thailand and Laos, Foreign Minister Amnuai Wirawan said yesterday.

He said Thailand will fund 50 per cent of the construction costs while each other member of the Association of Southeast Asian Nations, excluding Vietnam, will be asked to help contribute 10 per cent. Vietnam's economy is not considered strong enough yet to participate in such a venture.

Amnuai yesterday informed his Laotian counterpart, Somsavat Lengsavat, of his plans during an hour-long meeting. Both ministers are scheduled today to preside over the opening ceremony for the first Laotian consular office in Khon Kaen.

Thai Ambassador to Laos Somphan Kokilanon said Bangkok will seek the opinions on the proposal from fellow ASEAN members Brunei, Indonesia, the Philippines, Singapore, Malaysia and Vietnam.

ASEAN foreign ministers, plus ministers from Laos, Cambodia, Burma and China are to meet in Kuala Lumpur next week to discuss a new ASEAN initiative for joint development in the Mekong subregion, which apart from Thailand includes Laos, Cambodia and Vietnam, China's southern province of Yunnan and Burma.

The ASEAN foreign ministers will meet again at their annual meeting in Jakarta next month.

Somphan said that Thailand had the budget to finance 50 per cent of the total cost.

A source said interest in a second bridge, linking Mukdahan province with Savannakhet in Laos, has already been shown and some countries, including Japan, have shown financial interest in the project.

The first bridge between the two countries, the Friendship Bridge linking Nong Khai province with Laos capital of Vientiane, was totally funded by the Australian government.

Amnuai and Somsavat also talked about preparations for Prime Minister Banhan Sinlapa-acha's two-day visit to Laos starting on June 19.

Somsavat said after the meeting that priority discussions during Banhan's visit will be on Thailand's need to buy more electricity from Laos.

The same source said that Banhan is expected not to go into detail over the amount of electricity wanted, but he is expected to sign a letter of intent concerning the issue.

Laos was asked to join in the commemorations of the 50th anniversary of His Majesty the King's Accession to the Throne by releasing Thais jailed in its prisons, Somphan quoted Amnuai as telling Somsavat. The Interior Ministry is presently working out the number of Laotians being detained in Thai jails and vice versa.

Each country also agreed to appoint the relevant officials to a joint boundary committee, chaired by both countries' foreign ministers, so that the body could start fully functioning as soon as possible.

Meanwhile, Foreign Ministry Deputy Permanent Secretary Sakthip Krairoek said that the Laotian government has been asked for a letter of confirmation that it will not reclaim five rai of land given as the site of the Thai embassy in Vientiane.

The letter is needed according to Laotian law as no foreign groups can own land there, Sakthip said, adding that Somsavat informed the meeting that his foreign ministry is seeking the letter from the authorities concerned.

Thailand: Banhan Reschedules Arms Procurement Talks 11 Jun

BK0706042596 Bangkok BANGKOK POST in English 7 Jun 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha, who recently postponed a June 16 meeting with the chiefs of the armed forces, has now rescheduled the talks by advancing the meeting to June 11 to discuss arms procurement amidst the current budget squeeze.

Mr Banhan was initially scheduled to meet the military at Sattahip naval base in Chon Buri, but he brought forward the talks to next Tuesday without fixing a venue, Supreme Commander Wirot Saengsanit said yesterday.

Gen. Wirot said the meeting was good for both sides as it would help clear up any misunderstanding regarding the impending arms budget cuts.

The armed forces' chiefs are ready to explain to the Prime Minister their arms procurement plans and they wanted to know in turn what really caused the country's current account deficit to soar so high said the supreme commander.

The Navy is expected to brief the Prime Minister on why it considers the acquisition of submarines vital to national security.

The Navy wants to buy two diesel-powered attack submarines worth 17 billion baht to be paid with a tied-over fund in the next seven years.

The proposal, however, was rejected on grounds that the purchase might worsen the country's trade deficit.

But the Navy has not given up hope. It asked Gen. Wirot to help negotiate with Mr Banhan whether it was possible to buy one submarine at a time.

The Air Force is likely to seek Mr Banhan's support for its proposal to procure a second batch of eight F-18 jet fighters. There have been reports that the Government wants to delay the F-18 acquisition.

The Army's plan to replace old rifles with new ones was also shelved.

Meanwhile, Army Chief Pramon Phalasin said the military welcomed the chance to discuss the arms budget cuts with the Prime Minister.

The Army was willing to accept the Government's decision to shelve the rifle procurement plan but the repair of old weapons was vital to maintain efficiency, noted Gen. Pramon.

The Army wants to repair its 150 England-made Scorpion tanks, which have been in use for more than 30 years.

The repair of each tank would cost 7-8 million baht compared to the purchase of new ones which cost as high as 45 million baht each.

Thailand: Dailies Note Prachakon Thai Party's Coalition Stand

BK0606155696

[FBIS Report] Two Bangkok vernacular papers, SIAM POST and NAEO NA, on 6 June carry editorials regarding the possibility of the Prachakon Thai Party withdrawing from the government.

In its page-5 editorial, entitled "Worse Than Pulling In and Out," SIAM POST notes that Prachakon Thai Party will lose all credibility in the eyes of the public should it change its stand and remain with the coalition. While campaigning for the Bangkok governor election, the party leader announced his party's intention to quit the coalition.

The party was angry with Prime Minister Banhan Sinlapa-acha who favored the Phalang Tham Party. The Prachakon Thai Party also claims the cabinet reshuffle was carried out the way that Phalang Tham Party Leader Thaksin Chinnawat wanted it to. It appears that core leaders of the New Aspiration Party, Social Action Party, and Muan Chon Party were also unhappy with Prime Minister Banhan's move.

"The people are now watching to see which direction the conflicts within the coalition parties will develop as the political situation becomes more and more tense. The people want to know how the prime minister will solve the problem should other coalition parties, out of sympathy for Prachakon Thai leader Samak Suntharawet, agree with the conditions set forth by Samak that the Phalang Tham Party must be kicked out," the 800-word editorial says.

There is a great possibility that other parties might join the bandwagon in trying to convince the Prachakon Thai Party to remain in the government, since that means a prolongation of their tenure in the government also. "In this connection, should the Prachakon Thai Party shift its stance and decide to remain in the government, the party stands to suffer an image problem worse than that of the Phalang Tham Party," the paper concludes.

NAEO NA's page-3 editorial entitled "Swallow Back What Has Already Been Spit Out," hopes that the leader of the Prachakon Thai Party will not back out after announcing that he will pull his party out of the government coalition. Nevertheless, this is still not final, and things may change.

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The paper notes the difference between the Phalang Tham and the Prachakon Thai Parties. The first adopts a political philosophy of "no genuine friends or enemies in politics," whereas the latter is typified by its leader, the outspoken Samak Suntharawet, who says what he thinks about friends and enemies alike. The party said that it would pull out from the coalition after 14 June. Out of concern for government stability, other parties have persuaded the Prachakon Thai Party not to leave. Executive members of the party are scheduled to meet on 6 June to discuss the appeal by other parties. The paper concludes: "It is a well-known fact, however, that the leader of the Prachakon Thai Party does not change his stand once his words have been pronounced."

Thailand: Prachakon Thai Party Affirms Decision To Quit Coalition

BK0706041696 Bangkok Radio Thailand Network in Thai 0000 GMT 7 Jun 96

[FBIS Translated Text] The Prachakon Thai Party last night reached a resolution to quit the coalition government. Yingphan Manatsikan, Prachakon Thai Party secretary general, talked to reporters after the party Executive Committee meeting:

[Begin recording] [Yingphan] We must respect the party's resolution.

[Unidentified correspondent] Will you present the projects remaining under the Prachakon Thai Party's responsibility at next Tuesday's cabinet meeting?

[Yingphan] It depends on the prime minister. All issues must be in line with procedures. We must submit them to the Prime Minister's Office. The prime minister will invite the relevant agencies to discuss whether there are sufficient funds before submitting them to the cabinet.

[Correspondent] If the prime minister dissolves the present cabinet and forms a new one, will the Prachakon Thai Party review its stand?

[Yingphan] This will have to be discussed by the party Executive Committee.

[Correspondent] Does that mean the party Executive Committee will meet again to discuss its move in this regard?

[Yingphan] It they dissolve the present cabinet, form a new one, and invite us to join, I think we will meet again.

[Correspondent] What are the major reasons for the Prachakon Thai Party quitting the coalition government? Is it because of the Phalang Tham Party or because of the party's previous announcement?

[Yingphan] We already announced our stand [words indistinct]. We must take public opinion into account. [end recording]

The Prachakon Thai Party's pullout will be effective 15 June. Following the pullout, the coalition government will have six parties — the Chat Thai Party, Social Action Party, Phalang Tham Party, Nam Thai Party, New Aspiration Party, and Muanchon Party — but will still command a majority in the 391-seat House of Representatives.

Vietnam

SRV: Hanoi Comments on U.S. Senator Bell's Visit

BK0706111596 Hanoi Voice of Vietnam in English 1000 GMT 7 Jun 96

[Station commentary]

[FBIS Transcribed Text] A Democrat senator and senior member of the U.S. Senate External Relations Committee, Senator Clairbone Bell, visited Vietnam late last week during his trip to four-Asian nations. Our commentator has more to say:

During his stay in Vietnam, Senator Bell met with National Assembly Chairman Nong Duc Manh and Foreign Minister Nguyen Manh Cam and had working sessions with Deputy Foreign Minister Le Mai. Le Mai is in charge of the Vietnam-U.S. relations.

The U.S. senator appreciated Vietnam's achievements in economic reform and planned much time studying the Vietnamese Government's plan for economic development, and the role of the National Assembly in law making and supervising in the implementation of laws.

Senator Bell thanked the Vietnamese Government and people for their cooperation in solving the MIA issue and acknowledged the positive development in U.S.-Vietnamese relations in the recent past. He pointed out the potential for development of this relationship to which he himself, being a senior member of the U.S. Senate, would make positive contributions.

Senator Bell welcomed the suggestions by National Assembly Chairman Nong Duc Manh for further cooperation between the two legislative bodies of the U.S. and Vietnam.

Speaking to reporter in Hanoi, Senator Bell stated: The appointment of Senator Peterson as ambassador to Vietnam by President Bill Clinton was a good decision for the mutual interest of both the Americans and Vietnamese people. He said: The decision shows that the U.S. has closed the past. The U.S. and Vietnam should join effort to build a bright future for both nations.

SRV: 'Fine' Progress Seen in U.S. Trade Ties; 'Problems' Remain

BK0706075096 Hanoi VNA in English 0707 GMT 7 Jun 96

["Vietnam-US Trade Ties Have Developed But Face Problems" — VNA headline]

[FBIS Transcribed Text] Hanoi VNA June 7 — Trade ties between Vietnam and the US have seen fine steps in development since the two countries established diplomatic relations last July.

To date, the US is ranked sixth in terms of foreign investment in Vietnam with 53 projects licensed combined investment capital of USD [U.S. dollars] 1,153 million, according to Mr. Nguyen Dinh Luong, director of the Europe-America Department of the Ministry of Trade.

Vietnam's total export turnover to the US reached USD 199 million in 1995, four times higher than the previous year. So far, 20 Vietnamese items are present on the US market, including household utensils, handicrafts, art articles, precious stones, food, toys, and sports ware.

Trade relations between the two countries also saw limitations due to an absence of a trade accord which will serve as the legal basis for bilateral trade undertaking when finalised. Worse still, the US has not yet granted most favoured nation (MFN) status to Vietnam, which makes Vietnam's exports to the US less competitive due to high duties.

Vietnam is striving hard to (?improve the quality) and diversity of its export item in order to win a firm foot hold in the US market.

SRV: Argentinian Foreign Minister Concludes Visit

BK0606155596 Hanoi VNA in English 1524 GMT 6 Jun 96

[FBIS Transcribed Text] Hanoi VNA June6 — Argentinian Foreign Minister [F.M.] Guido Di Tella left Ho Chi Minh City [HCMC] today, ending his four-day working visit to Vietnam.

While in HCMC from June 4, he was received and feted by Vice Chairman of the Municipal People's Committe Mr. Vo Viet Thanh, who said that the Ho Chi Minh City visit by the Argentinian F.M. will accelerate the cooperation and friendship between Ho Chi Minh city and Argentine's localities.

Minister Guido Di Tella expressed his admiration for the Vietnamese people in the fight for national liberation in the past, and their achievements in the present national construction. He said he believed that the cooperative and friendly ties between the two countries would be further expanded.

Minister Guido Di Tella met with a number of Vietnamese and Argentinian business people at the New World Hotel, and visited the Ho Chi Minh Museum.

SRV: Measures To Support Soldiers in Spratlys Detailed

BK0706105396 Hanoi VNA in English 0801 GMT 7 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 7 — The first phase of the radio broadcasting coverage programme on the Truong Sa (Spratlys) Archipelago is complete with the installation of five relay stations on five major islands.

The five relay stations installed on the islands of An Bang, Phan Vinh, Nam Yet, Song Tu Tay and Truong Sa can receive and re-transmit radio programmes, including FM, from the national radio the Voice of Vietnam. This benefits soldier and people living on those islands and others within a radius of 50 km.

In addition to programmes from Vietnam Television, radio programmes will considerably increase the cultural life of the people in the East Sea [South Chin Sea] in general and on the Truong Sa Islands in particular.

Speaking at a meeting held in Hanoi on Wednesday to sum up the first phase of the radio coverage programme for Truong Sa, Sr. Lt. Gen. [Senior Lieutenant General] Dang Vu Hiep, deputy chief of the Political General Department, praised the Military Technical Institute for having overcome numerous difficulties to erect the relay stations.

The education trade unions have also held a conference in Hanoi to research technical solutions for the comprehensive socio-economic and cultural development of Truong Sa, and to improve the cultural and material living conditions of people and soldiers stationed on the archipelago.

In April a delegation of trade unions of the education service visited, and presented gifts to officers and men on the islands. In a letter, Education Minister Tran Hong Quan said that his ministry will reserve a number of seats at universities, colleges and vocational for those who do duty on Truong Sa. Tutors and text books will be sent to some of the islands.

Addressing the conference Lt. Gen. Le Hai highly appreciated the activities of the education service and other branches which were actively taking part in the nationwide movement to support and encourage soldiers stationed on Truong Sa. He said he hoped scientific workers within and without the military will study and find practical solutions for the building up of a strong Truong Sa Archipelago, both economically and militarily.

SRV: MT Institute Installs Radio Stations on Truong Sa, other Islands

BK0606120196 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Jun 96

[FBIS Translated Text] Implementing the Voice of Vietnam's plan to expand its broadcasting network and after five months of preparation and construction, the Military Technical [MT] Institute has completed the installation of five FM broadcasting stations on the islands of Truong Sa [Spratly], An Bang, Song Tu Tay, Nam Yet, and Phan Vinh. These radio stations receive satellite signals for rebroadcast to serve fishermen and army units on these islands and the adjacent coastal areas.

According to the appraisal by a Navy Command agency, radio reception is good within the 30-50 km of the broadcasting stations. Army units on these islands have longed for this broadcasting program.

The Military Technical Institute reviewed results of the first phase of the FM transmission program on 5 June and discussed preparations for the second phase to build a medium AM broadcasting station on Truong Sa to serve people and army units on the island.

Senior Lieutenant General Dang Vu Hiep, deputy commander of the General Political Department, commended the Military Technical Institute for its great efforts in this task. He urged related sectors to extend their cooperation to quickly fulfill the plan on expanding the broadcasting network already approved by the government.

New Zealand

New Zealand: Reserve Bank Governor Urges More Reform

BK0706082896 Christchurch THE PRESS in English 7 Jun 96

["Extract" of a speech by Reserve Bank Governor Dr. Don Brash at the Institute of Economic Affairs in London; date not given: "New Zealand Needs More Reform To Boost Employment and Growth" — received via Internet]

[FBIS Transcribed Text] Despite the very substantial progress which has been made over the past 12 years, there is clearly scope for further reform. The Government still owns major trading activities which could, in principle, be privatised — New Zealand Post, the Electricity Corporation (and its progeny, Contact Energy), and the Accident Rehabilitation and Compensation Insurance Corporation (ACC), to name just three.

Labour-market legislation, while substantially more conducive to employment creation than that in many other countries, nevertheless leaves an activist Employment Court reaching decisions that can hardly fail to discourage employers from hiring new staff. In 1994, the provisions of the Minimum Wage Act 1991 were extended to young people. The Employment Contracts Act does not permit employers and employees to opt for at-will employment contracts.

We continue to operate in the conviction that monopoly exporters of dairy products, apples and kiwifruit give farmers and growers better returns than competitive exporters.

There are some disturbing patterns emerging in the way in which some local authorities are using the provisions of the Resource Management Act (environmental protection legislation). And there can be little doubt that further reform in the areas of income support, education and health care would yield considerable benefits — personal, social, fiscal and economic.

But what is the likelihood of further reform? Does New Zealand have what Friedrich von Hayek would have called a "constitution of liberty"? In other words, do the recent reforms amount to a new settlement governing the boundaries between State and society, one that maximises individual freedom under the law? Or could they quite quickly be reversed?

It is not appropriate for me to provide a detailed commentary on the New Zealand political scene or the platforms of individual parties. But allow me some non-partisan observations.

First, I believe it is encouraging that there is little public enthusiasm for reversing many of the reforms of the past decade — farmers don't want to return to subsidies; manufacturers don't want to return to high protection; travellers don't want to return to a single monopoly airline; shoppers don't want to go back to restricted shopping hours; nobody wants to go back to six-month waiting lists for a telephone; nobody favours a return to the old government department culture; virtually nobody advocates a return to compulsory unionism; surveys suggest that an overwhelming majority of people are satisfied or very satisfied with their job, their job security, and their terms and conditions of employment.

There is general support for the Fiscal Responsibility Act, even though there is some disagreement about the details. Even among farmers and manufacturers — those most adversely affected by the last two years of monetary-policy tightness — there is no enthusiasm for allowing inflation off the leash, and the overwhelming majority of the members of the present Parliament support not only low inflation but also the framework established by the Reserve Bank Act 1989.

But there is much less agreement on some aspects of the tax reforms, or the changes to income support, education and health-care arrangements. While, as already noted, most people do not believe that they themselves have been adversely affected by the Employment Contracts Act, and indeed surveys suggest that most people agree that that act has been of benefit to the economy, there is quite a widespread view that the legislation was in some way "unfair" and gave employers an unreasonable advantage vis-a-vis employees.

There is quite a widespread concern about the extent of foreign investment in New Zealand, with many people concerned that foreign ownership of many large institutions and companies represents a "loss of sovereignty" and a threat to our future prosperity.

Perhaps after all the broadcaster Lindsay Perigo was partly right when he said that New Zealand was "a country reformed by Hayekians, run by pragmatists and populated by socialists". My own hunch is that, probably in common with the citizens of other Western countries, New Zealanders accept that socialism doesn't work in the economy but remain wedded to the Welfare State and a Fabian notion of "fairness". The 1995 and 1996 budgets both included quite significant increases in public spending on health and education, and there is no evidence whatsoever that the tax-transfer system has lost any of its legitimacy.

New Zealanders still instinctively regard the State as the primary, if not the only, supplier of welfare services of all kinds. (It is interesting in this regard that there was considerable public anger at some aspects of the design of the 1996 and 1997 tax cuts: these had been deliberately intended to increase the incentive for those with relatively few skills to seek employment by providing tax reductions for those in employment but few additional advantages to those on benefits. The notion that those on benefits should not get at least the advantage of those in employment was viewed critically by many).

I suspect that current public attitudes also reflect a failure on the part of successive governments and their policy advisers to explain adequately what the benefits of the reform programme are. There has been a failure to explain clearly the benefits for New Zealanders of foreign investment in New Zealand, which has allowed critics to suggest that the open-door policy should be changed so that only foreign investment which benefits New Zealanders should be allowed. There has been a failure to explain the benefits of a flatter income-tax scale without tax-avoidance opportunities, for economic growth and even for the revenue benefit.

Contrary to popular belief, the New Zealand income-tax structure remains quite progressive. Before the tax reductions due to take effect next month, a person with a non-earning spouse and two young children who earns $20,000 pre-tax is liable for a net $777 in income tax (after adjusting for the impact of the Family Support scheme). A person on five times the pre-tax income, $100,000, in the same circumstances is liable for income tax of $30,221, almost 39 times the liability of the low-income person. After the tax cuts, the person on $20,000 will actually receive a net $2038, while the person earning $100,000 will be paying $27,870 in income tax.

There has been a failure to explain the benefit of a more decentralised education system, or of the equity benefits of requiring tertiary students to contribute a modest 25 per cent of their tuition. There has certainly been a failure to explain the benefit — or even the purpose — of the restructured hospital system.

There has been a failure to debunk the myth that the reform programme of the last decade has simply further enriched those who were already rich before the reforms began, or the myth that the reform programme has given New Zealand a more unequal income distribution than Australia or the United Kingdom. (Although no wealth statistics exist, it seems very likely that the wealthy New Zealanders of the early 1980s were highly protected manufacturers, owners of large farms, owners of extensive holdings of commercial property, and those lucky enough to have inherited import licences. The reform programme substantially disadvantaged all of those groups.)

There has been a failure to explain that, of the OECD countries which moved most aggressively to liberalise their economies in the early and mid-1980s — New Zealand, Australia, the United Kingdom, France, Spain, and Sweden — in all but one (the United Kingdom) the reform programme was substantially initiated by a government which was regarded as Left-of-Centre.

But lest anybody think that I'm blaming others for this failure, there has also been failure in the area for which I myself have major responsibility. Yes, recent market research suggests that some 73 per cent of New Zealanders support low inflation being the Reserve Bank's objective, and 63 per cent believe, despite recent tight monetary policy, that the bank has been doing a good job in delivering that objective.

Similarly we have failed to disabuse many New Zealanders of the notion that the framework established by the 1989 act gives the bank and its governor enormous and unfettered power to thwart the will of Parliament, so that critics of the framework can damn it as somehow undemocratic. The reality, of course, is that nothing could be further from the truth: the objectives of monetary policy are unambiguously determined by Parliament in the New Zealand framework, and the governor is held accountable for his performance in achieving that objective. We should have worked harder to make that reality clear.

The best security against the reversal of recent reforms is to continue with reform in order to encourage growth and employment, and to provide increasing opportunities for the unskilled and those on low incomes to increase both their skills and their incomes. Further reform would allow the market order to continue demonstrating its superiority as a generator of wealth and prosperity. At the end of the day, it is actual growth and prosperity, not ideas about the market, that maintain popular support for a free society.

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